

AUGUST 3, 1987

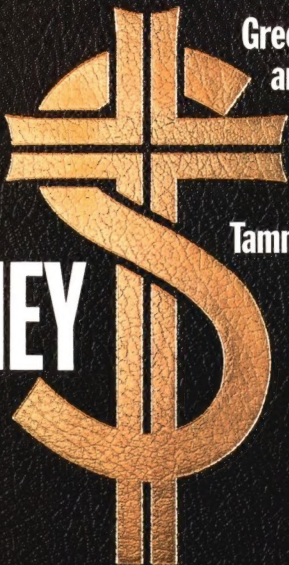
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# TIME

**Danger in  
The Gulf**



## GOD & MONEY



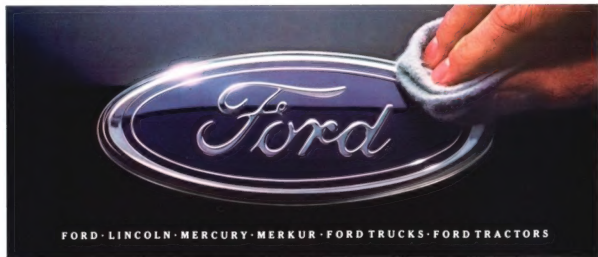
**Greed, Secrecy  
and Scandal:  
an inside  
look at  
Jim and  
Tammy Bakker's  
bankrupt  
empire**



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## COVER: God and money collide as the scandal-plagued PTL struggles to survive 48

Federal investigators pore over PTL's books as the stain of televangelism's sex-and-hush-money scandal spreads. ▶ An inside look at the chaos and lavish spending at Jim and Tammy Bakker's broadcast and entertainment empire. Hurt by the PTL mess, other big televangelists grudgingly go public. ▶ A born-again success falls victim to his own ego. See RELIGION.



## NATION: George Shultz tells of the infighting that led to the Iran scam mess 12

In sometimes anguished testimony, the Secretary of State says his pleas for caution were ignored as a cabal of can-do Reagan aides blundered into arms-for-hostages deals. ▶ This week Attorney General Edwin Meese faces congressional grilling about a cover-up. ▶ How the hearings are playing at Jan Blackwell's barbershop. ▶ Gorbachev accepts "global double zero."



## WORLD: Washington takes a step closer to active involvement in the Iran-Iraq war 24

After successfully running the gauntlet of Iranian Silkworm missiles, a reflagged Kuwaiti tanker under U.S. Navy escort hits a mine in the Persian Gulf. ▶ In Mozambique, the government accuses rebels of massacring 386 civilians. ▶ British Author and Politician Jeffrey Archer wins a sex-for-pay libel case. ▶ Thomas J. Watson retraces his wartime journeys over Siberia.



### 40 Economy & Business

Rising oil prices irk consumers but spur the Energy Belt. ▶ Worries grow about close calls in the air. ▶ GE will quit making TV sets.

### 62 Sport

The fabulous Men of Steele, softball's biggest and best, are slugging homers with amazing frequency. ▶ Don Mattingly's record streak.

### 56 Science

French divers trigger a row by mounting a salvage operation on the *Titanic*. ▶ The oldest known dinosaur eggs are found in Colorado.

### 64 Books

In *The Boys of Winter*, Wilfrid Sheed pokes fun at Long Island literature, softball games and novels about writers, including this one.

### 58 Medicine

A new study offers hope to those afflicted by mental illness and drug abuse. ▶ Reagan chooses a controversial AIDS panel.

### 66 Theater

*Follies*, a landmark Stephen Sondheim musical, high-kicks back to life as the showpiece of a richly varied London season.

### 61 Ethics

By disclosing a confidential source, *Newsweek* raises a worrisome question for reporters. ▶ A *Forbes* columnist is accused of fraud.

### 72 Language

On the 100th anniversary of Esperanto, advocates of this *novan lingvon* insist it can still play a role in our multilingual world.

8 Letters  
65 Cinema  
68 Milestones  
68 Show Business  
70 People

Cover: Lettering by Michael Doret; photograph by Roberto Brosan

# Northwest covers



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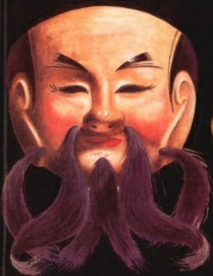
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Guam



# the face of Asia.



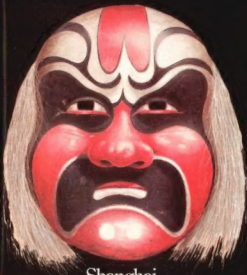
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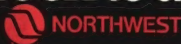
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## Look to us.



## A Letter from the Publisher

Television preachers are a wary group these days. Along with their supporters, they tend to blame the press for many of their problems, particularly financial ones. TIME's correspondents who reported this week's cover stories on the fortunes of Jim and Tammy Bakker and their fellow televangelists faced constant reminders that their subjects are as widely noted for their business acumen as for their spiritual charisma. "To some critics," observes Chicago-based Correspondent Barbara Dolan, "these people appear to be almost comical with their emotional appeals. But that faith-healing showmanship can hide the mind of a Wall Street banker."

Along with Los Angeles-based Correspondents Michael Riley and Jon D. Hull, Dolan spent the past month digging into the finances and organization of Jim Bakker's Praise the Lord and other major television ministries. While waiting to see Oral Roberts at his university in Tulsa, Dolan came upon the famous faith healer, his pants rolled up, knee-deep in a medium-size artificial pond, where he was anointing 200 of the faithful. Recalls Dolan: "That scene gave me an insight into the impact of these television preachers on their followers."

For Hull and Riley, getting an insight into Jim Bakker



Reporting trio: Jon D. Hull, Michael Riley and Barbara Dolan

admirers, reporters seemed to need straightening out. "I endured long lectures by Bakker's followers, who scolded me for doing the devil's work," says Hull. Riley tracked down Presidential Candidate Pat Robertson and other preachers. "In the wake of the PTL scandal, some of the loudest calls for openness and accountability have come from the televangelists," notes Riley. Indeed, some offered thin press releases and unrevealing brochures to show good faith. That only indicated, as this week's stories attest, that most TV ministries have a long way to go before their financial disclosures are as effective as their preaching.

*Robert L. Miller*

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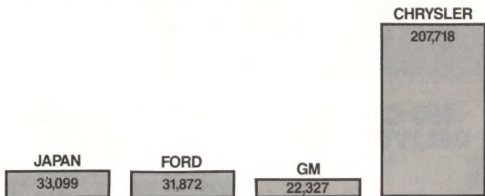
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## Better News:

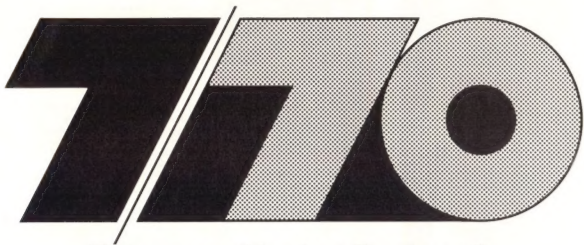
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## Letters

### North Testifies

To the Editors:

Hail to Lieut. Colonel Oliver North, an authentic patriot-hero [NATION, July 13]. He should not be investigated. Rather, it is those Senators and Congressmen who voted against aid to the Nicaraguan *contras* who should be under the spotlights explaining how they justify leaving these freedom fighters in the lurch.

(The Rev.) Thomas Lee Basich  
Senior Pastor  
Advent Lutheran Church  
Roseville, Minn.



How dare you condemn a man like North before hearing his testimony. You depict him as a reckless, gung-ho Marine. After listening to him testify, I see a patriotic American who wanted to help free his fellow human beings held hostage. If this required covert operations, so what?

Patricia Berman  
Baltimore

I would gladly trade all the self-righteous Congressmen and all the fact-twisting journalists for just one Oliver North.

William Kozel Jr.  
Havertown, Pa.

Ollie North—1987 Man of the Year.  
Sally A. Dickstein  
Agawam, Mass.

I do not know when I last felt such a sense of outrage and despair. This so-called patriot has lied and cheated. I am appalled that he is being hailed as a hero. Are there no decent Americans left who frown upon such behavior?

Marie Chinnery  
Hull, England

While watching North testify, I was so impressed with his charismatic personality, zealous patriotism, self-confidence and dignity under fire that I began to lose sight of some of the underlying issues. Your stories on North's background gave me needed insight. I am now better able

to see North as a fallible man, idealistic in his dedication to containing Soviet domination in Third World countries but nevertheless overstepping bounds. I applaud you for helping reduce North's larger-than-life television image to human size.

Cheryl Micucci  
New York City

North's presence and excellent coaching have enabled him to turn in a credible dramatic performance and become an instant folk hero. Some of us, however, can see through the sophistry of his schemes. In the last analysis, his single-mindedness and fervor make him come across as a modern-day Savonarola or an Elmer Gantry in uniform.

Monique M. Byer  
Springfield, Va.

As I travel around the U.S. on business, I find that Oliver North is pretty much admired and respected by the average American citizen. It is only in the press and in liberal big cities like New York and Los Angeles that I detect any hostility toward North.

Anne-Marie Lindstrom  
Portland, Ore.

As I see the reaction of the masses to the media coverage of this power-mad egomaniac, the public adulation scares me. North reminds me of Adolf Hitler. He too was without self-doubt and did not know when to stop.

Dolores Munday Hawkins  
Oisville, N.Y.

When using the word zealot, let us not forget who our forefathers were. If there is any truth in the concept of reincarnation, then North must surely have been Patrick Henry in a former life.

Martha Smith Granum  
Bethesda, Md.

If Ollie North is so dedicated to preserving democracy, why does he work with such self-righteousness to circumvent our elected representatives?

Harry Kuheim  
Friday Harbor, Wash.

Lieut. Colonel North testifies that he installed a home-security system, which was paid for with funds from the Iran arms deal, because Abu Nidal had threatened his life. But spare a thought, Colonel, for all the Nicaraguan families terrified because of the *contras* who illegally supported and armed.

Andrew Riddell  
Stockport, England

### Bork for the Court

The ground swell of public opinion against Robert Bork's nomination to the Supreme Court is understandable [NATION, July 13]. His reliance on original intent precludes the notion that the Found-

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# They built



Steel helmet, mid 16th century



ABOVE: View of Genoa from the Tanh-i-Feth-i-Siklos, mid 16th century



Ceremonial khalat, mid 16th century



# the bridge.



Wooden sherd, late 16th century

Wooden Koran box, early 16th century

These are some examples of the art of a great empire and a great people that Americans know very little about. They are part of a stunning exhibition entitled "The Age of Sultan Suleyman the Magnificent." It will appear at The Art Institute of Chicago from June 13 through September 7.

At the height of their power under Suleyman, the Ottoman Turks ruled large areas of Europe, Asia and Africa. Faced with the imperial need to understand a bewildering variety of conflicting cultures—and the compelling need to maintain their own—they attempted the impossible, and succeeded. They created an art that harmonized opposites—austere and lush, concisely clear and impenetrably complex—and found pure beauty in pure design. In doing so, they made of themselves and their art a bridge between East and West, a bridge that still serves the modern world.

That's one reason why we are supporting this exhibition and why we urge you to see it. In our business as in yours, we need to be reminded that the art of innovation knows no boundaries, including the seemingly impossible, and that one of the noblest works of art is a bridge between cultures.



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## Letters

ing Fathers originally intended us to evolve as a people into something better than we were. The nation, and indeed the President's legacy, would be better served by a Justice who views the Constitution as a living part of the present rather than a relic from the past.

*Gregory A. Durbin  
Indianapolis*

I, like other Americans, voted for Ronald Reagan in large part because it was the only way to change a misguided Supreme Court. In nominating Bork, the President is faithful to his mandate from the people. If the U.S. Senate rejects Bork on the basis of his political views, the Senate will have wrongfully obstructed the only constitutional route Americans have to influence the direction of the court.

*Wayne Grudem  
Libertyville, Ill.*

U.S. Senators and the public should be aware that Bork's refusal to recognize a constitutional right to privacy extends to contraception as well as abortion. Bork has referred to the 1965 Supreme Court decision in which the court said married couples have a right to use contraceptives in their homes as "shallow, murky and rhetorical." He called the constitutional right to privacy "simply one more slogan that some Justices will use or not as convenient in the process of writing their own tastes into law." We must not allow this antiwoman, anti-civil rights nominee to be named to the court.

*Anne Nicol Gaylor, Administrator  
Women's Medical Fund, Inc.  
Madison, Wis.*

### Weighing Whitney

Whitney Houston is truly a class act [SHOW BUSINESS, July 13]. My only complaint: she would have made a much more appealing cover than Oliver North. Houston is not only more talented, she is certainly prettier.

*Karen A. Madden  
Lyons, N.Y.*

I am tired of hearing about the fresh and original Whitney Houston. I find her music the dulllest and most unimaginative stuff I have ever heard. Her talents are grossly overrated.

*Christopher A. Schneider  
Lewiston, N.Y.*

As a teenager, I find Whitney Houston a wonderful singer and someone I can look up to. Her songs will be popular for a long time, because real talent never goes out of style.

*Becky Wildfong  
Alma, Mich.*

You claim that everybody wants to adopt, escort or be Whitney Houston. I hope not. This lady is no role model for today's youth. She is a smoker, dresses in

skintight clothes in her videos and, on the cover of her new record, appears in unbuttoned jeans.

*John B. Klaus  
Des Plaines, Ill.*

### Raves for Robots

In describing the troubles encountered by U.S. robot manufacturers [ECONOMY & BUSINESS, July 13], you did not stress an important point. Industries buy robots expecting them to improve productivity. Robots do not improve productivity; people do. The robot industry can expand only after managers learn how robots can be used profitably.

*Bopaya Bidanda  
Pittsburgh*

While the use of robots for heavy industrial applications may have slowed, a number of companies, including ours, have experienced growth in both revenues and earnings by applying robotics technology beyond the mere replacement of labor. These applications include assembling electronics products, handling nuclear materials and manipulating semiconductor wafers. Robots can solve such problems as the need for accuracy that exceeds human capability, a desire to automate a highly repetitive and tedious task, concern over human exposure to a dangerous environment or even the handling of a product that must be protected from humans, like semiconductor wafers. Robots are not a panacea for productivity. However, your story ignores the incredible advantages robots can provide when applied effectively.

*Nicholas C. d'Arbeloff  
Manager, Marketing Services  
Precision Robots, Inc.  
Woburn, Mass.*

### Resurrecting Souls

Oral Roberts' extraordinary claim of being able to raise the dead [RELIGION, July 13] brings to mind this question: If Roberts is so sure of his resurrection, why was he so worried about the possibility of his death back in March?

*Anne E. McKee  
Bloomington, Ind.*

Oral Roberts can raise the dead? Good. He should resurrect Thomas Jefferson, James Madison and George Mason so these gentlemen can explain exactly what they meant by separation of church and state, the right to bear arms and other sticky points of our Constitution and Bill of Rights.

*Anita Wilburn Dorsett  
Houston*

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TIME/AUGUST 3, 1987

# An Edge of Anger

*The public anguish of an honorable man*



For George Shultz, a proud man with a strong sense of what is proper, it was a painful task. Before a national television audience, the Secretary of State described how he and his department had been humiliated, betrayed and ignored, cut out of some of the Reagan Administration's most crucial foreign policy decisions. For the U.S. as well, the witness Shultz bore was painful. His blunt description of "guerrilla warfare" within the Administration, his public denunciation of the way things were run and his refusal to tone down his criticism would have been extraordinary coming from a junior bureaucrat. Coming from the nation's top Cabinet officer, they were unprecedented.

During his two days of testimony, with no lawyer whispering in his ear and no litany of don't-recalls, the Secretary of State gave a distinct moral lift to an affair in which the line between heroes and villains has often been blurred. Even when Shultz was discussing whether he should have resigned to stop the arms-for-hostages scheme, his measured outrage was bracing. Given the "systematic way in which the National Security Council staff deliberately deceived me," he noted, "my sense of Did I do enough? has to a certain extent given way to a little edge of anger."

Shultz assailed the intrigue and fighting among Ronald Reagan's advisers. Some of them, he said, "deceived and lied" to the President. Charged the Secretary: "The President was not being given accurate information."

After Shultz opposed the arms-for-hostages scheme, he said, the traditional rivalry between State and the NSC turned downright nasty, exacerbated by the hard-right conservatives who had never had much use for the Secretary of State. According to Shultz, one presidential assistant, Jonathan Miller, even took to nixing his travel plans; the Secretary was

forced to lodge a personal complaint with the President. (Miller insists such travel decisions were made by Chief of Staff Don Regan.)

Shultz defended the President at every turn, denying a suggestion by Democratic Senator George Mitchell of Maine that Reagan may have misled him. But it seemed clear his boss had in fact played along with the efforts to keep the Secretary in the dark about the Iranian dealings.



One year ago: Shultz, Regan, Weinberger, Poindexter and their boss

*Did the President keep his Secretary of State in the dark?*

Yet Shultz's main adversaries in what he called a "battle royal" were the late Director of Central Intelligence William Casey and former National Security Adviser John Poindexter. They had helped spawn the ill-fated bargaining with Iran, and when it became public, Shultz charged, they continued to mislead Reagan and tried to use the Great Communicator's skills to "bail them out" of their folly.

Casey, it was disclosed at the hearings, had even written Reagan when the furor erupted last November to ask that he fire Shultz. Recounted the Secretary: "Everybody was saying I'm disloyal to the President... I could see people were calling for me to resign... I was the one who was loyal to the President because I was the one who was trying to get him the facts so he could make a decision."

The blunt testimony seemed to mesmerize the committee. After Oliver

North's flag-waving and Poindexter's tale of keeping Reagan ignorant of the diversion of arms profits to the *contras*, Shultz's dead-earnest presentation carried a clearer ring of credibility. His memory on key points seemed to be sharper than the highly selective recollections of North and Poindexter. Among a number of legislators commending Shultz, Republican Senator Warren Rudman of New Hampshire told him, "The real heroes are people who speak up to their President, make their views known, and are willing to take great personal risks in confronting their President."

In describing the bungled attempts by the NSC staff, using private citizens in amateurish bargaining to develop a dialogue with Iran and get American hostages released by selling arms to that outlaw nation, Shultz made no effort to conceal his scorn. "Our guys... got taken to the cleaners," he said. "... It's pathetic that anybody would agree to anything like that. It's so lopsided. It's crazy." At one point he was shown a chart found in

North's offices, outlining a way of using arms-sales profits to set up a privately controlled fund for covert operations. Disdainfully, Shultz tossed the paper on the witness table. "A piece of junk," he called it, adding, "It is totally outside the system of government we live by and must live by."

Shultz, who has served four Republican Presidents and headed part-time task forces for two Democratic Presidents, defended Reagan as a "very strong and decisive person" whose "judgment is excellent when he's given the right information." He told of trying to persuade Reagan that "when you get down into the dirt of the operational details," the Iran initiative had become simply a trade for hostages. "You're telling me things that I don't know," the President said to him. Replied Shultz: "Well, Mr. President, I don't know very much, but if I'm telling you things that are news to you, then you are not be-

ing given the kind of flow of information that you deserve to be given."

Indeed, there was much that Shultz had not been told. Some examples:

► At a White House meeting on Dec. 7, 1985, Shultz and Defense Secretary Caspar Weinberger argued strenuously against a plan to sell arms to Iran as a gesture of "good faith" in getting hostages released and initiating a broader dialogue. Shultz thought he and Weinberger had squelched the idea. Neither Cabinet officer was told by the President that just two days previously he had signed a finding giving retroactive approval to U.S. participation in three earlier arms sales involving Israel, deals of which Shultz was unaware.

► At a similar top-level meeting on Jan. 7, 1986, Shultz and Weinberger repeated their opposition to the arms sales. Shultz was still unaware that there had been any. "It almost seemed unreal," he recalled. "I couldn't believe that people would want to do this . . . I went away puzzled and distressed." While Shultz thought Reagan was leaning toward such sales, he again was not told that the President just a day earlier had signed a new finding authorizing future direct U.S. arms sales to Iran. Shultz would not learn of these sales until the story broke the following November.

► Only after the fact did Shultz learn that former National Security Adviser Robert McFarlane and North had traveled to Tehran in May 1986 in a vain effort to free all U.S. hostages. Even then, Shultz was not told that missile parts had been part of the aborted bargain.

After the Iran arms sales and the diversion of profits to the *contras* erupted in a public explosion last November, the bureaucratic double dealing still did not stop. Reagan ordered the State Department to take full charge of any future relations with Iran. Casey and Under Secretary of State Michael Armacost worked out an agreement under which U.S. contacts with a "second channel" (a relative of a high-ranking Iranian official) would be used only for intelligence gathering and State Department officials rather than CIA operatives would conduct the conversations. Without telling Shultz or his deputies, Casey then went through Chief of Staff Don Regan to get the President to let the CIA retain an operational role in any policy toward Iran. Shultz termed this move "deceptive."

When these talks were pursued, Shultz insisted on written negotiating instructions that ruled out any arms sales. Yet the State Department's representative at the talks in Frankfurt learned that the Iranians were working from a nine-point plan given to them by Albert Hakim, an American businessman used by Poindexter and North to handle the finances in the arms sales. The points included yet further weapons deals. More shocking, they included U.S. involvement in a scheme to win the release of 17 Al Dawa Shi'ite terrorists imprisoned in Kuwait for blowing up a

STEVE GRANITZ



**The cool Secretary in the hot seat**

U.S. embassy building there in 1983.

When Shultz heard about this U.S. offer to sell more arms and to help spring the convicted killers, he testified, it "made me sick to my stomach." He got a Sunday-morning appointment with Reagan to tell him about the proposal. Poindexter had testified that Reagan approved the nine points as a bargaining tool. No way, said Shultz. "I have never seen him so mad," said the Secretary. "He's a very genial, pleasant man, he's very easygoing, but his jaw set, and his eyes flashed . . . In that meeting I finally felt that the President deeply understands that something is radically wrong here."

Given all the frustrations and rebuffs, why did Shultz not resign? In fact, Shultz testified, he offered to resign on three occasions, none directly related to the Iranian arms deals. The first was in 1983, when McFarlane took a secret trip to the Middle East without informing the State Department. The second was in 1985, after Shultz publicly opposed a plan for widespread lie-detector testing of federal employees, a stand that estranged him from

the intelligence community led by Casey. The final attempt came last August, when Shultz ran into White House roadblocks to his travel plans. But Reagan put the resignation in his desk and told Shultz, "Let's talk about it after you get back from vacation." The matter was dropped.

**A**s Shultz wound up his testimony, several of the committee's Republicans questioned his actions. "You walked off the field when the score was against you," said Ohio's Republican Congressman Michael DeWine. "You took yourself out of the game . . . Our foreign policy suffered because the two key players, George Shultz and Ronald Reagan, were out of the game." Replied the Secretary: "That's one man's opinion, and I don't share it."

Shultz rejected suggestions from a few committee Republicans that he should have threatened to resign when his advice on the Iran arms sales was not followed. Snapped Shultz in reply to Illinois Congressman Henry Hyde: "Would you have said that I should have sat there on Dec. 7

in the White House and said, 'Mr. President, I see you're wavering, and if you should decide against me, goodbye'?" He added, "That's not the way to play this game at all. I'm there to help the President, not make his life more difficult."

After his forceful testimony, the embattled George Shultz seems in no mood to resign. At the department he heads, morale soared. Said a Foggy Bottom official: "George went out and was George. He was honest and plainspoken. He showed the department to be the only honorable entity in all of the mess." From the White House came high praise from Reagan, though some presidential aides thought Shultz had been self-serving. A spokesman said the President hoped Shultz would continue at his post.

Well he might. Shultz, with his determination to help mend the democratic process so badly bruised by the clandestine schemes he had opposed, imparts an aura of trust and candor to an Administration that has too often shown itself deficient in both.

—By Ed Magnum  
Reported by Hays Gorey/Washington

## TRUTH, PUBLIC SERVICE AND ACCOUNTABILITY

### POINDEXTER:

"I made the decision. I was convinced that the President would, in the end, think it was a good idea. But I did not want him to be associated with the decision."

"Our objective here all along was to withhold information."

"I think that it's always the responsibility of a staff to protect their leader."

### NORTH:

"Lying does not come easy to me. But we all had to weigh in the balance the difference between lives and lies."

"I'd have offered the Iranians a free trip to Disneyland if we could have gotten Americans home for it."

### SHULTZ:

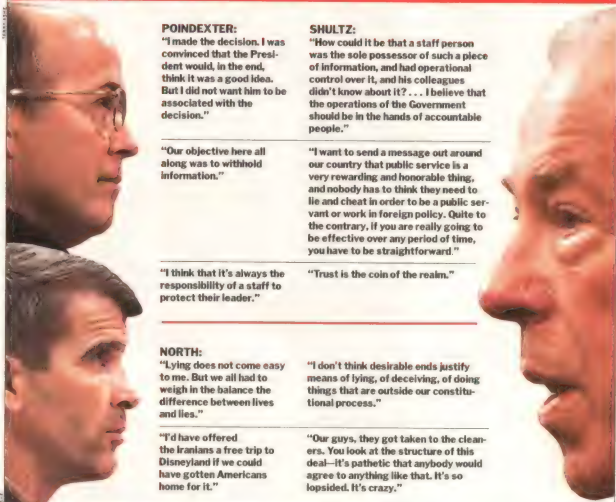
"How could it be that a staff person was the sole possessor of such a piece of information, and had operational control over it, and his colleagues didn't know about it? . . . I believe that the operations of the Government should be in the hands of accountable people."

"I want to send a message out around our country that public service is a very rewarding and honorable thing, and nobody has to think they need to lie and cheat in order to be a public servant or work in foreign policy. Quite to the contrary, if you are really going to be effective over any period of time, you have to be straightforward."

"Trust is the coin of the realm."

"I don't think desirable ends justify means of lying, of deceiving, of doing things that are outside our constitutional process."

"Our guys, they got taken to the cleaners. You look at the structure of this deal—it's pathetic that anybody would agree to anything like that. It's so lopsided. It's crazy."





# The Resilient Loyalist

Meese's Iran-contra grilling is only the latest of his woes



When Ronald Reagan introduced Supreme Court Nominee Robert Bork at a White House briefing, the event had special significance for both the President and his long-time counselor Edwin Meese: it could cap the conservative social revolution that the two men set as their goal when they came to Washington together six years ago. But the Attorney General was nowhere to be seen. He was in a hallway, away from television cameras, on orders of the White House staff. "They didn't want cameras zeroing in on Meese," said a senior aide.

Nowadays everyone seems to be zeroing in on Meese. For a genial man with a talent for always being on his mentor's wavelength, he has managed to raise a surprising storm of controversy. He was the man Reagan instinctively tapped to clear up the Iran-contra mess last November, and though he uncovered and disclosed the diversion of arms-sales funds, he is now being accused of either incompetence or a cover-up. His own finances have been questioned, and he faces a special prosecutor probe in connection with the widening Wedtech scandal. "He knows that a lot is piling up," says a senior presidential aide. "He used to slough it off. Now there's evidence that it's getting to him."

This week Meese takes the stand at the Iran-contra hearings for what may be the toughest grilling of his career. The panelists, frustrated by Oliver North's dash and John Poindexter's stoniness, are loading for bear. Members were outraged by Poindexter's assertion that Meese failed to ask him the ultimate question when he uncovered the diversion last November: Did the President know?

Critics charge that Meese's investigation was really an exercise in damage control. "What I still don't understand," an exasperated Senator Warren Rudman said last week, "is how in the world they allowed Poindexter and North to leave the White House, to be fired, resign, whatever, without bringing them in and finding out what was their authority, what did they do, how did they do it? Had he [Meese] done it... the country would not have had the agony it's gone through." The New Hampshire Republican stopped short of accusing Meese of furthering a cover-up. "I think it was incompetence," he snapped.

Republican Congressman Jim Courter, one of the Administration's staunchest

defenders on the panel, says he intends to ask Meese, "Why did you allow Oliver North to shred documents?" North has admitted to two shredding sessions: the first on Nov. 21, after he learned that Meese and his aides would conduct a "fact-finding" inquiry, the second on Nov. 23, after Meese confronted him with the infamous "diversion memo."

Meese's defenders say that, given the situation last November, he handled a



The Attorney General of the U.S.

"Always on the point for the President."

delicate situation in a forthright and honest way. But his aides readily admit that Meese embarked on the November probe more as Reagan's chief conciliator than as the nation's top cop. North testified, for example, that he was not bothered by Meese's weekend inquiry because he assumed Meese was acting as "friend of the President," not Attorney General. "There is a tendency in this town to want to see the Attorney General as a law-enforcement officer, but he also gives advice to the President," says Terry Eastland, Meese's spokesman. "It's a large role."

Meese's Iran-contra testimony comes just as his personal financial dealings are again being scrutinized. Unlike many of the President's other California cronies,

he did not enter the Reagan inner circle as a rich man or one with expensive tastes. Nor did he leave Reagan's service to use his connections, like former Colleagues Mike Deaver and Lyn Nofziger.

During his confirmation hearings Meese promised to put his holdings in a blind trust. Nevertheless, Meese's finances became tangled when he decided to put \$60,000 in what he has called a "limited blind partnership" handled by a San Francisco investor named Franklin Chinn. The investment was recommended by E. Bob Wallach, an old friend of Meese's. At the time, Chinn and Wallach were receiving professional fees from another source: Wedtech, a small minority-run tool-and-die company in the Bronx whose fortunes soared after it obtained a major military contract in 1982. That contract was won as part of a minority set-aside program after Meese interceded in the company's behalf.

No evidence has developed that Meese ever earned a dime from Wedtech. Nonetheless, the appearance of insider dealing was enough to spark an investigation by Independent Counsel James McKay, who was appointed to investigate Nofziger's role as a lobbyist for Wedtech. Nofziger was indicted two weeks ago for violating the Ethics in Government Act, which restricts the lobbying activities of former federal officials.

All this has served to undermine Meese's effectiveness both as Attorney General and as the President's personal adviser. "Ed doesn't bring much to the party anymore," says a White House staffer coldly.

Yet Meese has often been counted out in the past, only to re-emerge as Reagan's trusted alter ego. After Reagan's defeat in the Iowa caucuses of 1980, Campaign Manager John Sears tried to have Meese ousted from the inner circle; Reagan ousted Sears instead. When Meese went from the White House to the Justice Department, some saw the move as a way of shunting him out of the inner circle; instead, he ended up spearheading Reagan's social agenda by attacking pornography, challenging affirmative action and getting conservatives appointed to the federal bench. And after Meese conducted his controversial Iran-contra investigation last November, Reagan said he should "win a Pulitzer Prize" for exposing all the facts. "Ed takes incoming like nobody else," says former Meese Aide Ken Cribb, now assistant to the President for domestic affairs. "He's always on the point for the President. It doesn't prevent him from doing his work. In fact, the main complaint seems to be that he does it too assiduously."

—By Elaine Shannon

Reported by David Beckwith/Washington



# Begging His Pardon

Should Reagan absolve Poindexter and North?



To many of Ronald Reagan's supporters, the Iran-contra scandal is effectively over. By taking responsibility for the Iran-contra diversion, John Poindexter helped save the President, and Oliver North's star performance blurred the moral issues involved. Now some are calling for a conclusive gesture that they hope will close the book on Irancon: a presidential pardon of Poindexter and North.

The White House denies that Reagan is discussing pardons—at least now.

Pointing out that the hearings are still in progress and that neither Poindexter nor North has been indicted, Spokesman Marlin Fitzwater said, "We just don't feel this is the appropriate time to be talking about pardons." A reporter asked Fitzwater if he was "slamming the door" on possible pardons should the two men be indicted or convicted. "I'm not touching the door," the spokesman retorted. "I wouldn't go within 40 yards of that door."

Such talk prompted speculation on Capitol Hill that pardons may have been considered in November as part of a deal

with Poindexter and North. Congressman Louis Stokes asked Poindexter whether the question had been discussed at a Dec. 16 White House meeting between the President, Edwin Meese and the late CIA director William Casey. "I don't know anything about that," Poindexter replied tersely.

Reagan must bear in mind the Watergate precedent. In 1974, only one month after Richard Nixon's resignation, Gerald Ford pardoned him for all crimes he might have committed during his presidency. Ford's action left a bitter taste with many voters and may have contributed to his narrow loss to Jimmy Carter in the 1976 presidential election. Reagan, of course, is not a candidate for re-election, but he has become increasingly concerned with his place in history and would

## How They See It in Arkansas

Acting on the theory that a barber's chair in the middle of the U.S. is a fitting place to plumb the nation's feelings, Senior Writer Gregory Jaynes last week revisited the barbershop that was the subject of an American Scene he wrote for TIME three years ago.

Vernon Caldwell was getting a haircut and Jan Blackwell

was doing the cutting. It was a scorching midday in the unair-conditioned barbershop that Jan runs with occasional assistance from her husband Don, who spends most of his time looking after their cattle. The shop is on the square in the Ozark Mountains town of Marshall, in "the great state of Arkansas," as the politicians put it. Vernon was saying, "These hearings are just a waste of time. They're after the wrong guys, that's all."

"Who should they be after?"

Jan asked, snipping away.

"The top dogs."

"Reagan?"

"Well, he's a top dog, ain't he?" said Vernon, who is retired from the washer-dryer business.

Blackwell's is an old-fashioned barbershop, where men and boys still ask for flat-tops and children still get bubble gum after having their ears lowered, local argot for a haircut. Farmers in overalls come in and sit a spell, whittling cedar sticks out of existence, looking for all the world as though they are waiting for the end of time. And everyone has an opinion.

"I think these guys were trying to do something Congress was settin' on their butts and wouldn't do," Vernon ventured, meaning under-the-counter aid

to the contras. "I approve of what they were trying to do, but maybe not their methods."

Jan said, "I think North's been made a hero, and I think he's a very intelligent man."

"I don't think I could have sat there five days and held my cool like he did. He's smart."

"Very smart. But Poindexter's smarter. He's just not the speaker North is," Jan said.

"Somebody's sitting up there scared to death they're going to say the wrong thing," Vernon said.

"They gave 'em a job, and they did it."

"Guy near me has a baseball billboard up says INNING NO. 5, OLLIE 3, CONGRESS 2."

A fan in the corner stirred the beastly hot air, rifling the pages of the Coffman Funeral Home calendar on the wall by the pictures of bird dogs. A stuffed mountain lion on a shelf above the mirrors had started to molt.

Buck Dabbs, a dairyman, came in with his granddaughter Rachel. "I just don't think much of Reagan," he said. "I think he ought to be back in California making more movies with the monkeys. I'm not a Republican, let's get that straight, but I will vote a split ticket. I didn't vote for Reagan neither time."

Rachel, who is six, said, "I'd vote for Elvis Presley."

"But Reagan's right about one thing," Buck went on. "The people outside Washington aren't watching. People still have to make a living. I probably haven't seen 30 minutes of it."

Gwen Dickinson, who calls herself a retired housewife—"I don't pay much attention to housework anymore"—dis-



Jan Blackwell takes a break from barbering

not want to be remembered for having weakened the chances of the Republican nominee in 1988.

On the other hand, Reagan has a strong sense of loyalty to those who work for him, and he would be discomfited by the fact that officials who had sought to pursue his policies were languishing in jail. The public seems to agree. According to a Washington Post/ABC News poll last week, 61% of Americans believe that Reagan should absolve North before he can be prosecuted and 46% favored a pre-emptive pardon for Poindexter.

Many members of Congress argue that pardoning North and Poindexter would display contempt for the justice system and for the idea that Government officials are accountable to the



Will Reagan do...



...what Ford did?

Bearing in mind justice and the Watergate precedent.

law. Said Stokes: "The President would make a very serious mistake, and I think it would be resented by the American public." But for the President, perhaps the most persuasive argument against a pardon is that it would com-

promise the presumption of innocence to which North and Poindexter are entitled under the law. "The best thing that could happen now from Ronald Reagan's standpoint would be indictment and acquittal," says a prominent Republican attorney. "He could then say, 'We were right all along.'" Says Republican Congressman Henry Hyde of Illinois, a fervent Reagan ally on the Iran-Contra committee: "I oppose any presidential pardon until the gates of the prison are about to clang shut."

And if Poindexter and North are convicted? "If I were President and they had been found guilty," says Hyde, "I wouldn't want to leave office with them in jail." —By Jacob V. Lassar Jr. Reported by Laurence L. Barrett and Mays Gorey/Washington

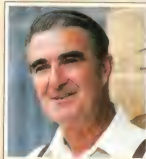
agreed with Buck. "It mesmerizes you. I find myself watching all the time. It's out-soaped the soaps. It has intrigue, big money, pretty ladies, testy lawyers. I'm a sucker for a man in uniform; I'm a widow of an Army man. But somehow I think they lost the chain of command."

Gwen felt Reagan knew all along about the way the Iran and contra deals were working. So did most of the people who came into the shop, which is something of a social center at the seat of Searcy County, one of the four or five of Arkansas' 75 counties that votes consistently Republican. "I think Poindexter would dearly love to say, 'Hell yes, Reagan knew it,' but he's retired now. He's serving his chief. He's following the chain of command."

As for North, Gwen went on, "he is not a hero, not in my books. He's good-looking, personable, very literate, but if you close your eyes and listen to what he's saying, it makes my blood run cold. It frightens me."

Ansil Crumley came in with his grandson Thomas, saying, "He got to wanting a haircut, and I said, 'Well, we'll run take a break from canning tomatoes.'" Scratching himself thoughtfully, Ansil added his two cents. "You didn't hear that preacher talkin' about Reagan down at that tent revival, did you? He said if it hadn't been for Reagan we'd be in real trouble by now. I don't know whether he knows what he's talkin' about or not. He's from over around Fort Smith somewhere."

Don Blackwell agreed. "I believe Congress is more at fault than anyone for spending all the money on the hearings. I voted for Reagan. I think it should have been a very discreet thing, behind closed doors. If Reagan were running today, I'd still vote for him. I approve of covert operations. I



Marion Long has his ears lowered; Maurice Tudor: an emotional issue

think they have to exist for us to be free, but I don't actually approve of the arms sales to Iran." Don would like to see Poindexter run for President.

"The majority of people who come in here are pro-North, pro-Poindexter," Jan Blackwell said, "but really the majority of them think now it's gone on so long it's time to quit and go do something constructive instead of rehashing it over and over."

Among those polled on this day, the single shared sense was an overwhelming fatalism, a feeling that politics is inherently crooked and that soon enough present events will be overtaken by another scandal. One of the most articulate was Maurice Tudor, advertising manager of the local paper, the Marshall Mountain Wave.

"You've got a 50-year tradition here of Midwest toleration, from Mayor Daley's Chicago to Huey Long's Louisiana," he said. "They've really got deep feelings about this, but what I'm telling you is it's all an emotional issue. It's not based on knowledge or understanding. They don't know a Sandinista from a Democrat. Say the name Somoza, and they'll draw a blank. We've treated political fraud as a sport. As a smart-aleck Congressman used to say in my youth, 'We've got 'em beat if they don't buy us.'"

About now, Marion Long, awaiting his turn in the chair, could hold his peace no more. A retired plumber and carpenter, he had not watched much of the hearings because "my grandkids have been here and we been on the go—going back to the water slide again this afternoon, I guess," but he nonetheless wanted a word in edgewise. "Don't matter how worked up you get about the whole mess," he said, "people'll just forget it, just like always."

## A Promising Soviet Ploy

Gorbachev embraces "global double zero"

**F**or weeks the Reagan Administration has been complaining that Soviet foot dragging at the intermediate-range nuclear forces (INF) talks in Geneva reduced the odds for an agreement and for a U.S.-Soviet summit before the end of the year. But last week, in the latest in a series of unpredictable diplomatic maneuvers that began at the Reykjavik summit, Soviet Leader Mikhail Gorbachev made another surprise shift on arms control that could get the stagnant talks moving—and reap new propaganda victories for the Kremlin.

Gorbachev's ploy: agreeing to accept a long-standing American preference for the elimination by both sides of all intermediate- and shorter-range missiles in Asia as well as Europe. Ironically, that arrangement—known in the arcane lingo of arms control as "global double zero"—was first put forward by U.S. negotiators six years ago.

Gorbachev used what seemed to be an unlikely medium to unveil his ploy: an Indonesian newspaper, to which he granted an interview. Gorbachev's offer effectively removed one of the last major U.S. conditions for an INF agreement covering not only intermediate-range missiles (with a range of 600 to 3,500 miles) but shorter-range missiles (300 to 600 miles) as well. Until last week Moscow had been willing to agree only to eliminate intermediate- and shorter-range missiles from Europe while insisting on retaining 100 intermediate-range SS-20 missiles in Asia. In return the U.S. would have been allowed to deploy 100 intermediate-range Pershing IIs in Alaska.

At first blush Gorbachev's latest offer



Soviet Leader Mikhail Gorbachev

*Troubling details in the fine print.*

seemed to be a major concession to the U.S. But the fine print contained some troubling details. The Soviets still insist that any INF elimination of shorter-range ballistic missiles must apply to 72 aging German-owned Pershing IAs now deployed in West Germany. Because West Germany is barred from having nuclear weapons, these missiles are tipped with U.S.-controlled nuclear warheads. To go along with Gorbachev's proposal, the U.S.

would have to scuttle plans to replace the obsolescent Pershing IAs with more capable, shorter-range versions of the Pershing II. The conversion plan is extremely controversial in West Germany, however, and Chancellor Helmut Kohl may yet find it easier simply to retain the Pershing IAs, a solution that might be acceptable to the Soviets.

Despite their misgivings about the proposal, U.S. officials believe Gorbachev's offer could prove the basis for an eventual compromise if tricky disputes over on-site inspection of nuclear facilities, including virtually unannounced visits to operational centers, can be resolved. As National Security Adviser Frank Carlucci put it, "If they mean what they say, it has removed something of a major obstacle." One thing the U.S. will insist upon is "conversion" rights, allowing the redeployment of cruise missiles from bases in Europe to warships in the Atlantic.

Gorbachev's proposal, which could clear the way for a much delayed meeting between Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze that would serve as a walk-up to a summit in the U.S. later this year, showed an exquisite sense of timing and an appreciation for U.S. politics. The Soviets were evidently waiting to judge the impact of the Iran-contra hearings on the stature of both Reagan and Shultz. Apparently the Soviets are now eager to reach agreement with a President who, though wounded, can command enough support from Senate conservatives to ratify an INF accord. Once again Mikhail Gorbachev has demonstrated that in the world of geopolitical public relations, he is a master at making the most of other people's ideas.

—By Bruce van Voorst.  
Reported by James O. Jackson/Moscow and Christopher Redman/Paris

## Tough Texan

Reagan selects an FBI director

**A**fter searching for four months and being turned down by four candidates, the Reagan Administration got a new FBI director last week. The President nominated Federal Judge William Steele Sessions of San Antonio, a tough ex-prosecutor whose meticulous respect for the law has won plaudits from both liberals and conservatives.

In seven years as chief federal judge in the Western District of Texas, the soft-spoken, 6-ft., 1-in. Sessions, 57, has won a reputation for dispensing what lawyers say is the most evenhanded justice east of the Pecos. Says Civil Rights Lawyer Gerald Goldstein of San Antonio: "He's prosecution-oriented, he gives stiff sentences, but he conducts a fair trial."

A stickler for courtroom decorum who insists that lawyers wear jackets and ties on even the most sweltering summer days, Sessions upbraids tardy

lawyers and on occasion has fined attorneys \$100 for failing to show up for hearings. Sessions is known as an administrator whose passion for detail helped clear a case backlog that had jammed the civil docket for months.

Little known outside legal circles, even in his hometown, Sessions was thrust into the national spotlight in 1982 following the murder of his close friend Federal Judge John Wood of San Antonio, whose tough sentencing of drug dealers earned him the nickname "Maximum John." Sessions soon gained a reputation as formidable as his friend's. Sessions sentenced Wood's killer to two life terms and put three other defendants behind bars for 15 to 30 years.

A Kansas City minister's son, Sessions considered becoming a physician but switched to law at Baylor University. Before rising to the federal bench in 1974, he spent a decade in private

practice in Waco, Texas, two years with the Justice Department in Washington, and a stint as U.S. Attorney in San Antonio. His stern courtroom demeanor is a bit at odds with a taste for loud plaid pants. An avid outdoorsman, he once unsuccessfully volunteered to be a civilian passenger on the space shuttle. Asked last week if he deserved his reputation as a Texas tough guy, Sessions replied, "I don't know, but I love the accusation."

Sessions' views on the rights of criminal defendants are to the left of those of the man who recommended him, Attorney General Edwin Meese. That may be one of the reasons he was named. Faced with what will surely be a grueling confirmation fight over the Supreme Court nomination of Robert Bork, says a White House aide, the Administration didn't "need another battle with the Judiciary Committee."



Judge William Sessions



Trying to jettison a mentality of entitlement: clients crowd the waiting room of a welfare office in Long Beach, Calif.

## Tough, Tightfisted and Traditional

*Moynihan unveils a modest but attainable welfare-reform plan*

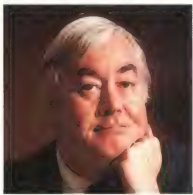
For a generation, Daniel Patrick Moynihan has been a leader in the Sisyphean struggle to revamp the nation's welfare system. No other issue has spawned so much controversy and debate while producing so little alteration in the status quo. As an adviser to President Richard Nixon, Moynihan almost won congressional passage of the far-reaching Family Assistance Plan, which would have replaced welfare with a guaranteed annual income. Now, as a two-term Democratic Senator from New York, Moynihan is encouraging his fellow liberals to jettison this entitlement mentality and belatedly recognize the importance of such conservative values as family, responsibility and work.

Only a few years ago, Moynihan's efforts would have seemed quixotic. But after nearly a decade of seemingly malign neglect, welfare reform has slowly worked its way back onto the national political agenda. The 1980s model for reform comes from innovative state governments that have experimented with job training and work requirements for welfare mothers. House Democrats have advanced an ambitious welfare-reform proposal of their own, a \$5.3 billion, five-year plan featuring enhanced benefit levels. The Administration has been crafting a scheme to give the states broad latitude to experiment with welfare reform.

With all those ideas swirling around him, Moynihan made it clear months ago that he was working on a plan of his own. Last week he unveiled what he called the Family Security Act. A far cry from the free-spending dreams of the early 1970s, the Moynihan proposal would add only \$2.4 billion to the cost of existing programs over the next five years. Currently the Federal Government spends \$9 billion a year on Aid to Families with Dependent Children. Abandoning completely the liberal crusade to raise welfare benefits, which have fallen by one-third in inflation-adjusted dollars since 1970, the Moynihan bill instead imposes greater obligations on parents in the AFDC program. Welfare mothers with children over

the age of three would be expected to participate in expanded job-training and educational programs. Absent fathers would in theory be compelled to make child-support payments through a payroll-deduction program. It is welfare reform for the Reagan era: tough, tightfisted and reflecting traditional values.

Moynihan concedes that his reform program aims at the politically possible. Obliquely criticizing some House Democrats, he argues, "Those who want more play in the hands of those who want less." Many welfare-reform experts,



Senator Daniel Patrick Moynihan

*Aiming at the politically possible.*

bruiser by the battles of the past 20 years, sympathize with Moynihan's position. "What the experience of the early and late 1970s shows is that the nation has no stomach for real reform," says Robert Reischauer, a senior fellow at the Brookings Institution. "Everyone's aspirations have been scaled back, and the result is something like the Moynihan bill."

Even Charles Murray, the author of *Losing Ground*, a blistering critique of liberal social-welfare policy, admits that the Moynihan bill would be "a little better than what we have now." Among the Moynihan reforms winning general praise: extending Medicaid benefits for up to nine months to welfare mothers who

find jobs; requiring unwed mothers under 18 years of age to continue to live in the family home; and mandating all states (instead of the current 26) to provide welfare to low-income two-parent families.

Without enthusiastic cooperation from state governments, the reforms in the Family Security Act would be modest at best. Because it allocates limited funds for employment programs and day care, the bill's requirement that welfare mothers participate in job-training programs is studded with loopholes. For example, the strictures would be lifted if day care was not available or if the state chose not to offer training in the area where the mother resides. Job training by itself is no panacea, particularly in regions with high unemployment. A recent study by the respected Manpower Demonstration Research Corp. found that state workfare and training programs raise the employment rate for welfare mothers by only 3% to 9%. Even Moynihan admits that these programs are "not a silver bullet that will take care of everything."

Unlike welfare-reform proposals of the past, the Moynihan bill stresses the need for absent parents to pay child support. No one challenges the magnitude of the problem: less than one-sixth of all welfare mothers receive any child support from the fathers of their children. But civil libertarians express concern about some of the remedies in the Moynihan bill, particularly the requirement that the Social Security numbers of both parents be placed on all birth certificates. Such documentation is clearly necessary if the Moynihan plan to withhold child-support payments from paychecks is to be successful. But these proposals, if adopted, would take years to stanch the problem. Given the difficulties of compliance, the Congressional Budget Office estimates that the Moynihan plan would raise just \$374 million over five years from absent parents.

The bill is unlikely to reach the Senate floor until late this year. Moynihan harbors no illusions about the difficulty of passing welfare reform against the backdrop of an election year. But, as he puts it, after decades of dashed hopes, "I have to believe that this program is better than nothing—and nothing is what we have now."

—By Walter Shapiro.

Reported by Jerome Cramer/Washington



## Nation



The feminist favorite at the NOW convention: "She can attract a lot of support"

### "Run, Pat, Run!"

Colorado's Schroeder is expected to join the presidential pack



Each time the demure woman in the yellow shirtwaist dress intoned the tantalizing phrase "if I run," she was interrupted by a riotous chant:

"Run, Pat, run! Run, Pat, run!" Not since the heady moment when Geraldine Ferraro was picked as the 1984 Democratic vice-presidential nominee had there been such spontaneous excitement among women activists.

In a matter of minutes after finishing her speech to the National Organization for Women in Philadelphia, Colorado Congresswoman Pat Schroeder, 47, had collected checks and pledges totaling \$351,344, a sum that could make her eligible for federal matching funds if she decides to run for the Democratic presidential nomination. Already, the mere prospect that she will join the race has galvanized women's groups and activists who have grown impatient with the timid stances on feminist issues staked out by Schroeder's male competitors. Insists Betty Friedan, who was among the first to urge Schroeder to run: "This is a much needed ray of hope."

If Schroeder does indeed become the first woman to run for President since Shirley Chisholm's largely symbolic bid in 1972, she will have to offer more than just a ray of hope. Skepticism about her chances runs high among political pros in Washington, and even some women activists fear that because Schroeder waited so long to get into the race her campaign will be "too little, too late." Republicans take undisguised pleasure in her bid, predicting that, like Jesse Jackson's, it will exacerbate the Balkanization of the Democratic Party. To the seven male Democrats battling for recognition, Schroeder could present a threat if she can pre-empt

the support of a large corps of female voters, who account for 53% of the Democratic electorate. Says candidate Joe Biden, Senator from Delaware: "She can attract a lot of support."

A co-chair of Gary Hart's 1984 and 1988 presidential campaigns, Schroeder did not contemplate running until after her fellow Coloradan dropped out last May. She took a long look at the remaining contenders and figured, "Why not?" Says Schroeder: "I've been in national politics longer than anyone else except Biden. I have as many legislative achievements. I've been to every hot spot on the globe." She insists she will not enter the field unless she can raise \$2 million and pull together a "realistic, serious" campaign by fall. "It's a bloody lot of work," Schroeder shrugs. "Why do it just to be a symbol?"

An eight-term Congresswoman, Schroeder, unlike Ferraro, never significantly penetrated the House leadership. Says one staffer: "She was close in but never inside." Some House members regard her as a bit of a flake. She signs her congressional mail with a smile symbol and is still taunted from time to time for having donned a bunny suit in China, to entertain children during Easter, in 1979.

If these lapses from accepted political decorum suggest an antic disposition, Schroeder has that—along with a formidable gift for phrasemaking. It was she who first dubbed Reagan the "Teflon President" and defense contractors the "welfare queens of the Reagan Administration." She dismisses doubts about her campaign with the same breezy confidence: "America is man enough to elect a woman President." Or, at the very least, to let a woman try. —By Alessandra Stanley/Washington

## Death Squads Invade California

Salvadoran rightists are accused of terrorizing refugees

The anonymous letter sent to Father Luis Olivares' Los Angeles church earlier this month bore only the cryptic initials E.M., but its message was alarmingly clear. In El Salvador the letters are short for *esquadrón de la muerte*, a vicious right-wing death squad whose modus operandi is to warn its intended victims that they have been marked for torture or assassination because they are suspected of sympathizing with antigovernment guerrillas. Now Olivares and the estimated 600,000 Salvadorans who have fled to the U.S. to escape the homicidal politics of their homeland fear that the death squads have invaded Southern California.

In the past month, a rash of death threats to politically active refugees in Los Angeles has sent a wave of apprehension through the city's Central American community. Threats against 24 people have been reported to the police this month by Salvadoran activists who are working against the government of President José Napoleón Duarte. Hoarse voices with Salvadoran accents leave ominous messages on answering machines: "For being a Communist, we will kill you." One activist received a list with the names of 19 refugees targeted for killing along with a menacing handwritten note saying, "Nothing will save you. Death, death. Flowers in the desert die."



Father Olivares and death-squad threat note

"If they want you, they find you, even here"



## Summer Reading for Candidates

**H**erewith Librarian of Congress Dan Boorstin's summer reading list for those who would be President, compiled not only for content but also for easy availability in the libraries and bookshops of Iowa hamlets and including paperbacks to minimize campaign expenditures by the parsimonious partisans of New Hampshire:

*Franklin of Philadelphia* by Esmond Wright  
*Washington: The Indispensable Man* by James Thomas Flexner  
*Thomas Jefferson and the New Nation* by Merrill Peterson  
*The Age of Jackson* by Arthur M. Schlesinger Jr.  
*Abraham Lincoln* by Benjamin P. Thomas  
*The Age of Reform: From Bryan to F.D.R.* by Richard Hofstadter  
*The Rise of Theodore Roosevelt* by Edmund Morris  
*Woodrow Wilson: A Brief Biography* by Arthur Link  
*American Diplomacy* by George F. Kennan  
*American Caesar: Douglas MacArthur 1880-1964* by William Manchester  
*In the Shadow of F.D.R. From Harry Truman to Ronald Reagan* by William E. Leuchtenburg



Boorstin: back to his Olympia typewriter

*F.D.R.* by Ted Morgan  
A sure route to political success and glory? Hardly. But a read through those twelve tomes would not be wasted time for any of the 147 people who have filed their presidential intentions with the Federal Election Commission so far. Boorstin suspects that a good many of them suffer from a modern malady that he has called an "ironic 20th century version of Gresham's Law: Information tends to drive knowledge out of circulation."

We are gorged with papers, reports, memos, the random and miscellaneous ingredients of information. Knowledge, says Boorstin, is "orderly and cumulative," the province of books that dispense the "enduring treasure of our whole human past."

Boorstin's book list came about when Secretary of Transportation Elizabeth Dole asked for some meaningful birthday books for her husband Senator Robert Dole, one of the Republican front runners. The librarian dished up meat and potatoes: sights, sounds, places, people. "The older I have gotten," says Boorstin, "the more interested I have become in facts and the less interested in philosophy. Save us from the extravagant idea of Utopia. I believe in history in fact rather than in the abstract."

A couple of new historical facts were added last week. A grateful House and Senate designated Dan Boorstin the Librarian of Congress Emeritus, a new position that will come complete with office space and, most important, a parking slot. And Dole rose on the Senate floor to praise the departing Boorstin. The books on the list, Dole said, "have given me many hours of enjoyment." Observers felt that Dole sounded more knowledgeable too.

Boorstin's summer reading assignment is biography and the crash of events. "Reading about Presidents is more helpful than reading about theories," Boorstin insists. "The outstanding characteristic of a leader is his uniqueness. A leader is a person who invents a leader. A student of biography can learn from others what to make himself. A person who is a deep student of 'the presidency' is not apt to be a good leader."

After twelve graceful years heading the world's biggest and perhaps greatest library (85 million items from books to movies), Boorstin will soon take his trusty old Olympia typewriter to his study and get back to full-time authoring. Last week the Senate confirmed the Woodrow Wilson Center's James Billington as Boorstin's replacement. The formal changing of the guard is expected in late September. Meantime, Boorstin keeps a chuckle right near the surface as he prepares for the day when he can make the final assault on his book *The Creator*, which will be a companion to his splendid volume *The Discoverers*. Rest assured it will be a veritable feast of facts.

In the most serious incident so far, Yanira Corea, a 24-year-old Salvadoran activist, was forced at knifepoint by two men who spoke with Salvadoran accents into a van outside the downtown-Los Angeles office of the Committee in Solidarity with the People of El Salvador, a group opposing U.S. policies in Central America. For several hours, she told police, she was kept blindfolded in the van as her abductors cut her hands, burned her with cigarettes and sexually assaulted her, while they questioned her about CISPES' activities and membership. When they set her free, says Corea, the kidnapers told her they had spared her life so she she could tell other refugees that "we are here."

While most of the Central American refugees in Los Angeles are peasants and political exiles, a number of former Salvadoran military men and National Guard members with right-wing connections also live in the area. Some Salvadorans suggest that such bands of extremists may be responsible not only for the threats but also for a nationwide series of break-ins at sanctuary churches and organizations opposed to U.S. involvement in Central America. Says Father Olivares, one of the leaders in the movement to provide sanctuary to the refugees: "My feeling is that it has to be directed from El Salvador because of the tactics, the methodology, and because it is impossible to believe that anyone living here could think these crude tactics could work in the U.S." California Democrat Don Edwards, chairman of the House Subcommittee on Civil and Constitutional Rights, has launched a congressional probe into purported reprisals against Central American dissident groups. Says Edwards: "It is clear that all of the break-ins were against those opposing the Administration's Central American policies. Now it's starting to be violence against people."

Under pressure from Edwards, the FBI began to look into the threats on July 17. Later that day armed men abducted Ana Maria Lopez, 31, a Guatemalan woman involved in helping Central American refugees. After warning her to stop criticizing the Salvadoran government, the kidnapers dumped her in Pomona, Calif., 25 miles east of Los Angeles. "They told her that just as people are killed in Central America, they can be killed here," says Linton Joaquin, director of the Central American Refugee Center in Los Angeles.

The threats against Central Americans prompted Los Angeles Mayor Tom Bradley to denounce the terrorists last week and offer a \$10,000 reward for information leading to their conviction. "If we don't stop it here, San Francisco, Chicago, Miami and Washington, D.C., will be next," warned Bradley. His words did not reassure many refugees, who fear they may become the next target for the death squads. Said a 28-year-old Salvadoran: "If they want you, they will find you, even here."

—By Cristina Garcia.

Reported by Jonathan Beatty/Los Angeles

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## American Notes



California: lighting up in Beverly Hills



Clements: "We did what we had to do"



The homeless: reluctant relief from Reagan

### ESPIONAGE

## Lonetree Goes On Trial

The Marine spy scandal has largely fizzled away in spasms of dropped charges and repudiated testimony. But last week the Marines began the court martial of Sergeant Clayton Lonetree for espionage and disclosure to the Soviets of the identities of U.S. agents, while he served as a guard at the U.S. embassy in Moscow. Though Lonetree could be sentenced to life in prison, his actual crime, says Defense Attorney William Kunstler, was merely to have fallen in love with Violetta Seina, a Soviet translator at the embassy.

As the trial began, the White House received a classified study by a team headed by ex-Defense Secretary Melvin Laird. The study blamed U.S. personnel for a "deterioration of security practices" at the Moscow embassy. Among its recommendations: once Marine guards have served in Moscow, they should be transferred out of the security force to prevent KGB infiltration.

### THE HOMELESS

## Not Ready for Prime Time

Backed by movie stars who slept on iron grates to demonstrate their compassion, and

passed overwhelmingly by both houses of Congress, the bill was the first comprehensive effort by the Federal Government to address the plight of the nation's estimated 2 million homeless people. Over the next two years, it will provide \$1 billion for emergency shelters, some permanent housing and extra food stamps.

Yet when the measure reached the President's desk last week, he treated it as not ready for prime time. He signed the bill without a complement of aides and legislators crowding around him. Why none of the hoopla that sometimes accompanies such signings? The President, said a spokesman, was signaling his belief that the new law "throws too much money at programs that have a mixed record" of success.

### CALIFORNIA

## Clearing The Air

When Beverly Hills banned smoking in eating places last April, restaurateurs warned that the ruling would drive away their customers. They were not just blowing smoke. Since the ban went into effect, some bistro owners have lost up to 30% of their customers to restaurants in nearby towns that permit them to puff away at will. But there was a loophole in the smoke ring: bars and cocktail lounges were ex-

empt from the law. Soon many of Beverly Hills' toniest dining spots were sporting makeshift signs proclaiming that they too were "bars." Customers who objected to the flouting of the law, which mandates a \$500 fine for violations, were politely invited to call the cops themselves—from a telephone outside the restaurant, ah, cocktail lounge.

Last week Beverly Hills decided it would rather switch than fight. The five-member city council unanimously adopted new rules that allow smoking areas in restaurants, provided that air filters or ventilation systems clear the air.

### TAXES

## An Epic Switcheroo

It is scarcely news when an elected official betrays a campaign pledge to oppose new taxes. But when a politician who campaigned against higher taxes winds up imposing the biggest state-tax hike in U.S. history instead—that is news. Republican Governor Bill Clements of Texas managed that epic switcheroo last week. To balance a budget hard hit by declining revenues from the state's oil and gas industries, he signed tax increases totaling \$5.7 billion.

New levies include a rise in sales tax (to 6% from 5½%) and a \$110 occupational tax on doctors and other profession-

als. But taxpayers in other states are not likely to feel too sympathetic. The increase brings the tax load on Texans to an average of \$53.76 per \$1,000 in personal income, vs. a national average of \$74.11. Explained Clements: "We did what we had to do."

### HIGHWAYS

## Dash for Cash On I-95

It is the sort of sappy, happy dream that belongs in a feverish place like Miami: you are tooling along I-95 when an armored truck whizzes by. The back door swings open. Out falls a sack. Along comes another truck. *Whack*, it hits the sack. A blizzard of money explodes into the air. Cars screech to a halt, and people leap out, running every which way after the money...

Last week the dream came true. The back door of a Wells Fargo truck lugging some \$400,000 along route I-95 burst open and, suddenly, according to a highway patrolman, it "rained \$20 bills." A massive traffic jam ensued as astounded motorists abandoned their vehicles to merrily chase the cash. When lawmen arrived and ordered the gleeful pursuers to return the loot, some complied. But all together, the money chasers carried with them what a Wells Fargo spokesman later called a "significant" amount of money.

## World

THE GULF

# Running the Gauntlet

*A reflagged tanker hits a mine as U.S. support for Kuwait begins*

It was only 5:30 in the morning, but the temperature had already reached a sweltering 97°. As escort helicopters clacked overhead, the five ships, all flying the Stars and Stripes, slowly steamed through the aquamarine waters of the Persian Gulf. First came the U.S.S. *Fox*, a guided-missile cruiser, followed by the Kuwait-based tankers *Bridgeton* and *Gas Prince*, the frigate U.S.S. *Crommelin* and the destroyer U.S.S. *Kidd*. Two hours earlier, the *Fox*'s commander had placed his men on general quarters, or top alert, but so far all was clear. One mysterious blip on the radar screen turned out to be a buoy, another an oil rig. Around the ship,

crewmembers waited patiently at battle stations, wearing combat helmets and silently hoping that the alert would end in time for breakfast.

Despite its high state of readiness, the convoy had reason for optimism. It had passed safely through the perilous Strait of Hormuz, where Iran's Chinese-made Silkworm missiles are being put in place, and was heading without incident for its destination at Mina al Ahmadi, less than a day's sail away. Not a cloud marred the sky. On the signal bridge, a sailor read the Bible, while in the ship's bowels, technicians intently watched their glowing screens.

Suddenly, the stillness was shattered by a low boom echoing off the *Fox*'s port side. The noise came from the direction of the *Bridgeton*, but at first no one paid much heed. "Sailors standing closest to the tanker thought that the *Bridgeton* was probably blowing off steam in an attempt to relieve boiler pressure," reported TIME Correspondent Michael Duffy, who was aboard the *Fox*. Then, with unmistakable urgency, a voice from the *Bridgeton* crackled over the two-way walkie-talkie. "I've hit something!" yelled Captain Frank Seitz. "I think it's a mine!"

The captain was right.

At approximately 6:55 a.m., the most

Keeping the sea-lanes open: on its tense trip from the Strait of Hormuz to Kuwait, the cruiser U.S.S. *Fox* escorts the reflagged supertanker *Bridgeton*.



watched supertanker in the world suffered a hit, about 18 miles west of the Iranian island of Farsi. The faces of the men aboard the convoy swiftly turned from relaxed to grim. As the crew of the *Bridgeton* desperately tried to assess the damage of the gash, the lookouts on the *Fox* nervously scanned the waters for other mines, their eyes focusing on bobbing objects ranging from Styrofoam to driftwood.

In Washington, National Security Adviser Frank Carlucci awakened Ronald Reagan at 2 a.m. to give him the news. Though it was impossible to prove who had planted the mine, the finger pointed at Iran. Within hours, Iranian Prime Minister Mir Hussein Mousavi chortled that the explosive had been placed by "invisible hands" and had dealt an "irreparable blow to America's political and military prestige."

Fortunately, the *Bridgeton* was not seriously damaged, and there were no casualties, though the attack delayed the convoy's arrival in Kuwait by a few hours. But the explosion underscored the risks that accompany the Reagan Administration's decision to put U.S. flags on eleven Kuwaiti tankers and

escort them with American warships through the Persian Gulf. Though the Pentagon has insisted that any attacks on the convoys will bring a swift military response, the *Bridgeton* explosion illustrated the frustrations of operating in waters that have been littered with hundreds of mines since the Iran-Iraq war began seven years ago. In the course of the war, 330 ships have been struck by mines or aerial attacks, though in most cases

the damage has not been serious.

Nonetheless, U.S. officials remained adamant that the naval show would go on. Though it was uncertain whether the *Bridgeton* would be able to leave Kuwait immediately with a partial cargo of crude oil, pending the repairs to its hull, the *Gas Prince* was scheduled to take on a cargo of liquefied gas and then head back down the gulf this week, again accompanied by U.S. warships. Thereafter, the Navy-escorted convoys will take place every two weeks. How long will it all last? "We will seek outside help," says Sheik Ali Khalifa al-Sabah, the Kuwaiti Oil Minister, "as long as it is needed."

The risks remain impossible to calculate. Iran's Revolutionary Guards announced that this week

they will begin naval maneuvers, chillingly code-named "Martyrdom," in order to demonstrate how they will try to defeat the U.S. Navy. Ali Akbar Velayati, the Iranian Foreign Minister, vowed once again that his government would not allow Kuwait, an important ally and backer of Iraq, to export oil on reflagged tankers protected by U.S. warships. At any time, Iran could still provoke a confrontation by firing a Silkworm mobile missile from



In the distance, upper right, is the destroyer U.S.S. Kidd

Trailing the *Bridgeton*, sailors search for mines



The scene in cruiser's combat information center





positions on the northeastern coast of the Strait of Hormuz or elsewhere.

Tehran is, however, growing increasingly isolated from the rest of the world. At the United Nations last week, the Security Council voted unanimously to "demand" an immediate cease-fire between Iran and Iraq and ordered each of the combatants to pull back its forces to its own territory. Iraq said it would abide by the resolution if Iran did, but Tehran called the measure "unacceptable" and denounced the U.S. role in crafting the proposal. The most probable next step: a resolution in a month or two imposing a worldwide arms embargo against whichever of the two countries still refuses to accept the cease-fire.

In the meantime, Iran and France

were engaged in an ugly diplomatic standoff. The French embassy in Tehran and the Iranian embassy in Paris remained closed and surrounded by security forces. The French government proposed an agreement under which the diplomats of both embassies would be allowed to go home. But Tehran appeared to be holding on to the French diplomats in the hope of arranging the safe passage out of France of Wahid Gerdji, an Iranian embassy interpreter who is suspected of being a terrorist. French authorities reportedly believe that Gerdji, who has been hiding in the Iranian embassy in Paris for more than a month, may be implicated in the spate of bombings in the French capital last year that killed eleven people and wounded more than 160.

As the embassy war sputtered on, the Reagan Administration's controversial reflagging program began. For all the fuss that had preceded it, the ceremony was brief and simple. At the stern of the *Bridgeton*, anchored 13 miles offshore in the Gulf of Oman, a dozen observers looked on as the Kuwaiti flag was lowered and the Stars and Stripes was hoisted in its place. An hour later the flags were switched on the *Gas Prince*. As a badge of identification, the *Bridgeton's* new flag seemed a speck amid the vast expanses of the tanker. Four football fields long, the *Bridgeton* is such an enormous vessel that, traveling at 16 knots (18 miles an hour), it takes 32 minutes to be brought to a full stop.

Meanwhile, crewmen aboard the U.S.

## Kuwait: Between Iraq and a Hard Place



On the waterfront: the capital skyline that oil built

Kuwaitis like to consider their country the Switzerland of the Middle East. It is quietly prosperous, avowedly neutral and wants to be friends with everyone. Unfortunately for Kuwait, the tiny desert state is wedged like a sand trap between the relentlessly warring nations of Iran and Iraq. Windows rattle in Kuwait City, the capital, when the belligerents shell each other on battlefields just 60 miles to the north. As a major port for weapons to Iraq, Kuwait has ample reason to fear Iran and seek foreign help. The Kuwaitis have a lot to protect. The post-World War II oil boom that transformed the country from a Bedouin trading center to a modern nation has brought Kuwait one of the highest living standards in the world. Rolls-Royce and Mercedes autos dot the country's broad highways, together with less luxurious Japanese and American cars. While some women wear only head-to-toe black chadors, others show up at festive weddings dressed in clinging Western gowns and adorned with gold, diamonds and pearls. Kuwait's ties with the U.S. run deep: the country has poured some \$50 billion into U.S. stocks and real estate.

The country's oil wealth has turned Kuwait into a vast welfare state. All Kuwaiti citizens are guaranteed inexpensive medical care, virtually free education and government help in finding jobs. Kuwait gives couples \$7,100 when they marry and \$140 a month for every child they have. That largesse stems in part from the patriarchal legacy of the ruling house of al-Sabah, which has governed Kuwait since 1756.

Such generosity, however, has robbed many youths of ambition. Bored teenagers spend hours cruising the waterfront of Kuwait City in their cars. Arab music blaring from tape decks.

Not everyone in Kuwait enjoys a life of ease. Kuwaitis constitute only 40% of the country's population of 1.7 million, making the citizens a minority in their own land. The rest of the populace consists of foreigners who work in service jobs and tend the oil fields that have made Kuwait City an impressive modern capital. The workers come mainly from other Arab states, Pakistan and the Philippines. Although most of them live in drab, concrete-block bungalows on the outskirts of the capital, they are paid well by the standards of their home countries.

Tensions persist between Kuwait's Sunni Muslims and the 30% of the populace who are Shi'ite Muslims, many of whom revere Iran's Ayatollah Ruhollah Khomeini. While frictions between the two religious groups go back at least a century, they have been greatly intensified by the Iran-Iraq war. When members of the Shi'ite group Al Dawa bombed the U.S. and French embassies in Kuwait City in 1983, Kuwait responded by sentencing three of them to death and 14 others to lengthy jail terms. Since then, the kidnappers of Western hostages in Lebanon have made freedom for the 17 terrorists their one unwavering demand, but Kuwait has refused to discuss any release.

Kuwaitis are convinced that Iran was behind both the 1983 bombings and a wave of recent terrorist attacks, including a rash of explosions in oil fields and public offices last January when Kuwait was host to an Islamic summit conference.

According to Kuwaiti intelligence, Iran sent the bombers coded instructions over Tehran radio. Kuwait arrested 16 Shi'ites for the bombings and sentenced six to death. Emir Jaber al-Ahmed al-Sabah, Kuwait's ruler, narrowly escaped a 1985 assassination attempt that also seemed directed from Tehran. "These incidents happen," says Sheikh Ali al-Khalifa al-Sabah, the country's Oil Minister. "We take measures to prevent them." In a way, those measures include persuading a superpower to serve as Kuwait's protector in the waters of the gulf.



A break in the action



Scanning an aquamarine sea with binoculars: Captain William Mathis aboard his ship, the *Fox*, as it carried out its first escort mission last week

warships swabbed decks and bided their time until orders came from Washington. The commanders met with the tanker captains, going over the course the ships would take. At 7:30 a.m. Wednesday, the loudspeaker on the *Fox* crackled with the voice of Captain William Mathis, who announced, "This is no drill. This is the real thing." The convoy was under way.

TIME Correspondent Duffy, who was one of ten reporters in the press pool organized by the Pentagon to cover the sailing, watched as the *Fox's* crew scurried to battle positions. Leading the other ships in a diamond-shaped formation, the *Fox* sailed 55 miles toward the Strait of Hormuz, a 50-mile-long channel guarded by Silkworm missiles and considered the most dangerous part of the gulf to traverse. Duffy's report on the tense, eight-hour passage through the strait:

"Battle stations was sounded, and helmets, gas masks and life vests were handed all around. Officers who minutes before had looked dapper in khaki suddenly appeared to be in deadly earnest as they fastened the chin straps of their steel helmets. Lookouts, peering through binoculars and shouting reports over radio transmitters, dotted every corner of the ship's deck as they scanned the skies and water for planes and boats. Sailors in flak jackets manned four .50-cal. machine guns, while others carried portable surface-to-air missiles.

"Belowdecks, sailors donned gas masks and oxygen tanks, while messes sipped coffee near several makeshift operating tables and waited for the worst. At one point, *Fox* officers spotted two Iranian F-4 Phantom jets approaching about 30 miles away, but after a warning the aircraft veered off.

"At 5:30, the convoy steamed into the gulf and out of immediate danger. A sense of relief could be felt everywhere. That night, a haze of sand and fog enveloped the *Fox*, at times spooking its radar with

images that appeared and then quickly vanished. At that point, as the sea suddenly seemed to fill with fishing boats, the convoy passed within a mile of the war zone declared by the Iranians. 'We're so damn close to it,' Mathis told an aide. 'Usually the war zone is lit up, and tonight it is not.'

"Using his searchlight, flares and horn, Mathis kept the *Fox* on its course, trying to scare the small boats out of harm's way. For some reason, a nearby fishing dhow seemingly refused to budge. Mathis was fearful that the dhow, even if it were harmless, would sail between the *Fox* and the *Bridgeton*. Wheeling his ship to the left, he trained a spotlight on the chalk-white vessel and sounded five short blasts on his horn. At long last, the dhow scooted out of the way."

It was the next morning, as the convoy steamed past Farsi Island, that the deep boom echoed across the water and the *Bridgeton's* captain radioed for help. As the tanker slowly took on water in several of its empty tanks, it began to list. For the rest of the trip to Kuwait, the *Bridgeton* assumed the lead position because, as the largest ship in the convoy, it was also the least vulnerable to further damage from mines. The U.S. ships were taking no chances. As Mathis told his crew members, "One mine is enough to keep the pucker factor up."

According to some experts, the *Bridgeton* explosion showed how little emphasis the U.S. Navy has placed in recent times on finding and defusing mines. Its fleet of minesweepers includes 21 wooden-hulled vessels dating from the 1950s, only three of which are on active duty. Instead of sending its own ships to the gulf, the Navy relied on Saudi Arabia's four sweepers to do the job.

The Reagan Administration, however, believes that the greatest risk to U.S.

interests lies not in mines or Silkworm missiles but in an Iranian war victory, with its devastating consequences for Iraq, the moderate gulf states and, indeed, the rest of the Middle East. On this point, Washington and Moscow are in full agreement: they feel they cannot allow Iraq to lose. Iraq, roughly one-third the size of Iran in population, is not strong enough to win the land war against its enemy, but it has an advantage in the tanker war. Its own oil is being exported via pipelines to the Mediterranean and the Red Sea, whereas Iran is totally dependent on the gulf for transport.

Thus, while Iran's tankers and oil facilities are vulnerable to Iraqi aerial attack, it is the tankers of Iraq's gulf allies, such as Kuwait, that are the inevitable targets of Iranian retaliation. Washington has watched uncomfortably as the Soviet Union has gradually strengthened its military and diplomatic position in the region over the past year. It was only after the Administration learned in late February that Moscow had offered to lease three tankers to Kuwait that it agreed to the gulf state's request to reflag and escort eleven tankers.

One of the gulf war's anomalies is that Iraq started it but Iran refuses to stop it. Iran's Ayatollah Ruhollah Khomeini has said repeatedly that he wants nothing less than the overthrow of Iraqi President Saddam Hussein, enormous reparations and the establishment of an Iranian-style Islamic republic in Baghdad. Last week, as the *Bridgeton* limped into Kuwait, Washington could hope that its enterprise in the gulf would suffer no more serious a setback than the minor damage caused so far. For its part, Tehran was left to wonder just what the U.S. response would be if it attempts a major attack.

—By William E. Smith.

Reported by Michael Duffy aboard the U.S.S. *Fox*, and David S. Jackson/Kuwait

## World

MOZAMBIQUE

# Massacre Deep in The African Bush

*Rebels are blamed for the worst atrocity of a savage eleven-year war*

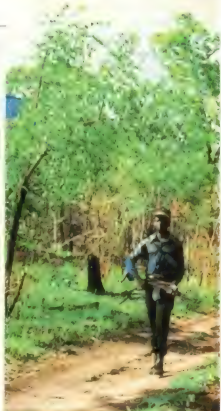
**O**f the handful of brush-fire wars that rage year after year in pockets of black Africa, none is more vicious than the conflict in Mozambique, the former Portuguese colony that stretches for 1,500 miles along southern Africa's Indian Ocean coastline. Almost from the moment it became independent in 1975, after five centuries of Portuguese rule, the sprawling and mostly arid country has been ravaged by sporadic fighting between the Marxist-oriented government of the ruling Frelimo Party and a right-wing guerrilla force known as the Mozambique National Resistance, or Renamo. Last week, after the ugliest atrocity in more than eleven years of fighting, the government charged that Renamo rebels slaughtered 386 civilians in the town of Homoine, some 250 miles northeast of the capital city of Maputo.

The Renamo rebels, who are backed by South Africa, denied the charge, asserting that the killings were the work of government forces. But Western correspondents who visited the area a few days later found that most survivors held Renamo responsible. In a hospital ward, a woman named Celeste Titosse told how "bandidos" had attacked her village, slashed her with a machete and left her for dead. But she survived and was taken to a clinic in nearby Homoine. The next

day, armed men attacked the clinic and opened fire on the patients. "They were shouting that they were going to finish us all off," recalled Titosse, who was shot in the legs in the second attack. In a nearby bed lay Antonio Mendes, 5, whose left foot and lower leg had been blown off. "He is the only one of his family left alive," said Sister Angelina, a Milan-born nun. "His mother, father and four brothers were all killed at Homoine."

Among the survivors was Mark Van Koeveing, 30, a Mennonite volunteer agronomist from Michigan, who hid for ten hours while 40 or more armed men rampaged through Homoine with machine guns and machetes, murdering and maiming everyone they could find, including pregnant women and babies. Said Van Koeveing: "This is not a civil war. These people are not fighting for any ideals. They are fighting to create terror."

At stake in the struggle between the government and the Renamo rebels is not just the fate of Mozambique but also the vital interests of several of its neighbors. South Africa's support of the rebels allegedly includes supplies of arms and equipment. Most black-ruled countries in the region, including Zimbabwe and Zambia, stand behind the government of President Joaquim Chissano, 43. So does British Prime Minister Margaret Thatcher, who



Renamo guerrillas on the march in the country's

regards Chissano as a pragmatic leftist who is anxious to improve ties with the West.

For much the same reason, the Reagan Administration backs the Chissano government. In this policy, however, it is opposed by Republican Senator Jesse Helms and other right-wing conservatives, who would like the U.S. to aid the rebels. To advance his position, Helms has blocked for four months the appointment of Veteran Diplomat Melissa Wells, 54, as the new U.S. Ambassador to Mozambique. The stalemate is expected to be resolved in Wells' favor before the Senate recesses in early August.

Chissano, an experienced diplomat who served for eleven years as Mozambique's Foreign Minister, became President eight months ago after the death of his predecessor, Samora Machel, in a plane crash. So far he has demonstrated that, like Machel, he intends to steer his country along a nonaligned political course. However, most of his energies have been devoted to fighting a vicious internal struggle with the rebels that his 30,000-strong army is unable to stamp out.

Even without the Renamo threat, Mozambique would be in sorry economic shape. It is desperately underdeveloped, even by African standards. Maputo, once a thriving Portuguese resort for mostly South African holidaymakers, is now a balmy, flyblown outpost that suffers chronic shortages of all kinds of supplies. The country's plight has been worsened by an eight-year drought that threatens



President Chissano addressing a party rally marking Frelimo's twelfth anniversary

*At stake is not just the country's fate but also the vital interests of its neighbors.*

THOMAS BILLY



heart: the government is fighting a vicious internal struggle that it is unable to stamp out

6 million of its 14.7 million people with starvation.

The roots of the civil conflict are complex. The present Frelimo leadership fought the Portuguese army for ten years before taking over a destitute Mozambique from Portugal's leftist revolutionary government in 1975. The Renamo rebels were organized a year later, during the Rhodesian civil war, by the former Rhodesian government of Prime Minister Ian Smith. After white-ruled Rhodesia became black-ruled Zimbabwe in 1980, the guardianship of Renamo was assumed by South Africa as part of Pretoria's efforts to destabilize or at least exert leverage against its black neighbors.



In 1984 South Africa and Mozambique signed an agreement under which South Africa promised to stop aiding Renamo and Mozambique pledged to expel guerrillas of the African National Congress, the black South African independence movement. A year later, after Mozambican forces overran a Renamo base and found evidence of continuing South African support for the rebels, Pretoria admitted it had been guilty of "technical violations" of the accord.

Since then South Africa has denied any further official involvement with Renamo, though most Western governments believe covert support has continued. In its struggle against the rebels, the Chissano government has gained a powerful ally in the U.S. State Department, which said in a report released this year that Renamo "has tortured, maimed and mistreated both military prisoners and civilians." Says Chester Crocker, the Assistant Secretary of State for African Affairs: "Renamo in our view is not a fit candidate for the Reagan Doctrine. . . It continues to get its support and guidance in many respects from the South Africans, and its political program is utterly obscure."

To encourage Chissano's independent political course, the Reagan Administra-

tion plans to send Mozambique \$10 million in economic aid and \$75 million in emergency famine assistance this year. Britain is helping to train the Mozambican army and is providing \$20 million in economic aid as part of its policy of encouraging the black-ruled "frontline" states to become less economically dependent on South Africa.

This reliance directly affects several states in the region, including landlocked Zimbabwe, which is currently obliged to use South African rail lines and port facilities for the majority of its imports and exports. During most of its British colonial history, the country relied on the much shorter rail line to the Mozambican port of Beira, but Machel closed the route to Ian Smith's government a decade ago at the height of the Rhodesian civil war. Today, largely with the help of private and government donors, Zimbabwe is engaged in a \$250 million effort to rebuild and expand the "Beira Corridor," consisting of a road, rail line and pipeline, as well as reconstruction of the port at Beira.

In addition, Zimbabwe has sent an estimated 15,000 troops to Mozambique to secure the corridor against the rebels. Zimbabwean soldiers are stationed at 500-yard intervals along the route. Trains maintain permanent radio contact with security forces, and helicopters hover overhead. Yet the lines are frequently broken by Renamo attacks.

Renamo claims that its guerrillas regularly make cross-border raids against Zimbabwean army posts and that it has formed an "alliance" with a dissident Zimbabwean political group headed by the Rev. Ndabaningi Sithole, once an influential Zimbabwean politician. Sithole has been living in exile in the U.S. since 1984.

Thus, to a large extent, Zimbabwe and its neighbors, including Zambia, remain captive customers of South Africa's transport facilities. In contrast to the con-



Maimed victims of insurgent mines

tinuing violence along the Beira Corridor, a rail line linking Maputo with South Africa has not been attacked at all.

Renamo, which has political representatives based in Lisbon and in the Washington offices of the conservative Heritage Foundation, makes no secret of its plans to destabilize Mozambique as long as necessary to bring down the

Chissano government. Its present leader is Afonso Dhlakama, 33, a quiet-spoken, camouflage-uniformed soldier who defected from the Mozambican army in 1978 and reportedly spends most of his time in the African bush. Renamo's claim that its guerrillas move freely through four-fifths of the country is undoubtedly exaggerated. But its ability to maintain the existing stalemate indefinitely appears to be beyond dispute.

—By William E. Smith  
Reported by Peter Hawthorne/Maputo



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## World



Cavaco Silva on the campaign trail: a demand for more money from a slow-paying U.S.

PORTUGAL

### Now Comes the Orange Crush

*A decisive victory promises stability after 16 shaky governments*

In Lisbon orange was the color of the week. Trailing the bright orange flags of the Social Democratic Party, thousands of youths cruised up and down the Avenida da Liberdade, sounding the horns on their Volkswagens and trucks. With orange hats on their heads and matching bows in their hair, 3,000 revelers in front of the party's election headquarters whooped it up with chants of "Nobody can stop Portugal!" At midnight 200,000 supporters waved orange balloons and held up portraits of their leader, Premier Aníbal Cavaco Silva. "Cavaco, our friend!" they shouted. "Portugal is with you!"

Indeed it was. Cavaco Silva's ruling right-of-center party last week won 50.15% of the vote and 146 seats in the 250-member Parliament. It was the first time that a single party had won an absolute parliamentary majority since the country's half-century dictatorship was overthrown in a bloodless revolution in 1974. Since then Portugal has been ruled by 16 shaky coalition, appointed and minority governments, including one that lasted only a month and four that were Communist dominated.

Portuguese voters had grown tired of instability, but the election results primarily reflected the immense appeal of Cavaco Silva. With upbeat rhetoric, the Premier spent the 18 months preceding the vote infecting his countrymen with his mission: the modernization of Portugal's economy, one of the most backward in Western Europe. Said Cavaco Silva last week: "In the villages and in the city streets, I saw a real movement, a deep movement in favor of my government."

A native of the Algarve and a champion college hurdler who studied economics at England's York University, Cavaco Silva, 48, joined the Social Democrats in

1974 and served as Minister of Finance in 1979-80. In May 1985 he led a grass-roots revolt and won control of the Social Democrats. Six months later he became Premier when the party formed a minority government. A Roman Catholic who neither smokes nor drinks, Cavaco Silva possesses an appetite for hard work and a confidence verging on arrogance. Fiendishly punctual, he ran his campaign so smoothly that journalists dubbed it "Clockwork Orange."

Thanks to Cavaco Silva's pragmatic, roll-up-the-sleeves policies, inflation has come down to 10%, from 30% three years ago. For the second year in a row, Portugal expects a growth rate of more than 4%, well above the West European average. Now armed with his election mandate, Cavaco Silva will seek to rid the constitution of a clause that explicitly sets Portugal on "the road to socialism." The Communists, who control many of the country's unions, have vowed to fight any changes.

Though a member of NATO, Portugal under Cavaco Silva may be less amenable to U.S. influence than Washington would prefer. The Premier is likely to push for increased U.S. aid in return for continued American use of Lajes Air Base in the Azores, Portugal's Atlantic islands. According to a 1983 agreement, Lisbon was to receive an undisclosed sum in exchange for U.S. rights to Lajes. In 1984 it received \$205 million. Since then, however, the U.S. Congress has held up additional payments as part of its overall cuts in foreign aid. "The Portuguese do not understand," says Cavaco Silva. "We cannot accept a situation that is not in accord with either the letter or the spirit of the agreement."

—By Howard G. Chua-Eoan.  
Reported by Jordan Bonfante and Martha de la Cal/Lisbon

BRITAIN

### Spare Pennies

*Archer wins record damages*

The case that unfolded in Room 13 of London's High Court contained all the elements necessary for a topping mid-summer titillation. It included charges of illicit sex, payoffs, skulduggery in high political places and a celebrity plaintiff. Small wonder, then, that hardly a seat was vacant during the 14 days of testimony and summation in the libel suit brought against the *Star*, a lurid London tabloid, by best-selling Novelist (*First Among Equals*, *Kane and Abel*) and former Conservative Party Deputy Chairman Jeffrey Archer. The charge: that the *Star* falsely claimed that Archer had purchased the services of a London prostitute. Last week the jury of eight men and four women wrote a happy ending for the novelist. After deliberating for less than four hours, they found in Archer's favor, awarding him \$800,000 in damages plus legal costs, which are expected to run to \$1.2 million. The award was the highest ever granted in a British libel case.

The lawsuit grew out of the revelation last November by the *News of the World*, a rival tabloid, that Archer, 47, had offered to pay for an overseas trip by Monica Coghlan, a 36-year-old London call girl. Coghlan had claimed to the *News of the World* that Archer paid her \$100 to have sex with her. The paper urged her to call Archer, who offered to pay her \$3,000 for a trip out of the country to escape reporters. The tabloid then published an account of those conversations but never explicitly claimed that Archer had known Coghlan in the past. Archer denied any prior association with Coghlan, claiming that he had "foolishly" suggested the foreign trip because he feared her story would be politically damaging. Nonetheless, he resigned his Tory office, to which he had been appointed a year earlier by Prime Minister Margaret Thatcher.

Though Archer has also filed suit against the *News*, he moved first against the *Star*, which printed a follow-up story



The winner with wife outside High Court  
For a best-selling novelist, a happy ending.

## World

six days after the original revelation. That story gave much more credence to the part of the episode that Archer continued to deny, the claim that he had had sex with Coghlan in a seedy London hotel one night last September. During the trial Coghlan, 36, who admitted to having sex with "thousands" of men during a 19-year career as a prostitute, testified that Archer had approached her in Shepherd Market, an area off fashionable Park Lane favored by streetwalkers. Though the hotel encounter lasted only ten minutes, she said, she was positive of Archer's identity because "for those ten minutes I was lying on top of that man, and I was looking into his eyes."

Archer's case was bolstered by the testimony and daily presence in court of his attractive wife Mary, 42, a former chemistry professor at Cambridge University and the mother of their two teenage sons. The notion of her husband, a former Oxford University track star, buying the services of a hooker was "prepos-

terous," she said, because "anyone who knows Jeffrey would know that, far from him accosting a prostitute, if one approached him, he would run several miles." Besides, she added, she and her husband "lead a full life."

Mrs. Archer broke down on the witness stand defending her husband, while Coghlan dissolved into sobs several times. When Archer's lawyer accused her of concocting the tale in exchange for \$10,000 from the *News*, Coghlan burst out, "You are a liar." At one point, after Coghlan testified that the man she said was Archer had had a pimply back, Mrs. Archer forthrightly declared that her husband possessed "excellent skin." Archer, who did not show his back as evidence, testified that he spent the evening in question dining at a fashionable Mayfair restaurant named Le Caprice. Even the judge seemed sympathetic to the plaintiff, instructing the jurors to think carefully

whether Archer was "in need of cold, unloving, rubber-insulated sex in a seedy hotel."

Elected to Parliament as its youngest Member at 29, Archer has had a tumultuous career. He was forced to give up politics and resign from Parliament five years later when bad investments left him near bankruptcy. Those misfortunes became the grist for his first best seller, *Not a Penny More, Not a Penny Less* (1975), a title that his lawyer last week jokingly suggested should serve as a guide to the jury in setting damages. Archer's seven books have sold 30 million copies worldwide, making him a multimillionaire and, until last fall, a star on the Tory speaking circuit. Whether he plans to re-enter politics remains uncertain. But many of his fans will surely be disappointed if his next book does not recycle the anguish—and vindication—of his most recent adventure. —By William R. Doerner.

Reported by Christopher Ogden/London

## Tipping Takes a Trip

A Singaporean tourist had an unpleasant surprise recently when she checked into the Great Wall Sheraton Hotel in Peking. The porter carried her bags up to her room, then stood there expectantly, obviously waiting for a tip. "I thought, What the heck," recalled the uncertain tourist, "and gave him ten Hong Kong dollars [about U.S.\$1.28]. But then when I asked him if he could get me a thermos bottle of hot water, he told me to call room service."

That sounds more like New York or Paris than Peking, but tourists in China are bound to run into more and more of it. After years of strict prohibition, the reformist authorities in Peking have unofficially decided to permit tipping in China. One big problem is that the long-tipless Chinese service workers, while eager for gratuities, do not necessarily connect them with more or better service. An American graduate student living in Peking is pessimistic about the whole idea of reintroducing the gratuity to proletarian China. Says he: "They are opening a Pandora's box."

The Communists banned tipping soon after taking over in 1949, on the ideological grounds that workers should "serve the people wholeheartedly," without thought of monetary gain. Such selflessness seemed to work well during the years of Mao Tse-tung's leadership, when almost everyone received the same compensation regardless of position or performance. After the extremism of the Cultural Revolution and Mao's death in 1976, however, many workers were cynical and demoralized, often ex-



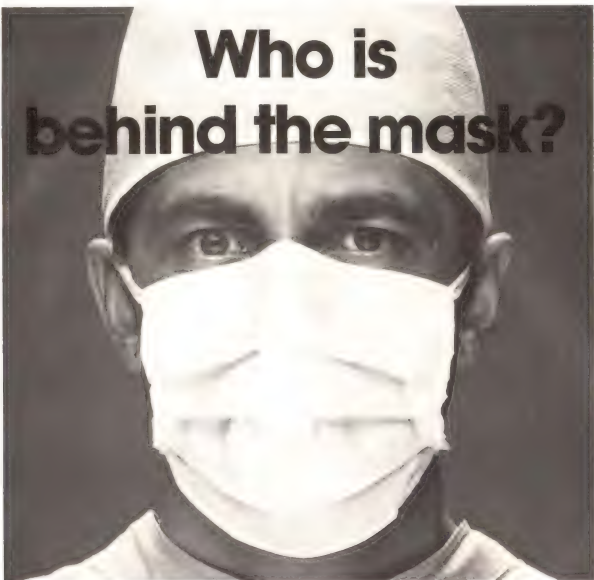
pressing their deep dissatisfaction by inefficient and sullen service. To rectify this and other economic ills, Paramount Leader Deng Xiaoping permitted the gradual introduction of some capitalist concepts, including more pay for better work. Despite such reforms, however, service has remained remarkably poor, especially in the burgeoning tourist industry.

Waiters, taxi drivers and porters have long argued that tipping would encourage more prompt and cheerful service. In fact, some workers have been ignoring the official prohibition. In southern Guangdong province, which

borders on Hong Kong, the custom of accepting tips has been discreetly practiced in foreign-owned hotels for the past two or three years. In Peking, tourist guides and drivers frequently accept cigarettes, calculators, foreign-language books and sometimes money from the international travel agencies that organize tours to China.

It is still too early to tell whether the unofficial sanctioning of tipping will pay off in smiling bellmen, efficient waiters and accommodating clerks. So far the signs are not encouraging. The Great Wall Sheraton recently fired two porters for using pressure tactics to elicit tips from foreign guests. Moreover, international travelers and residents have noticed that Peking taxi drivers are giving themselves de facto gratuities by keeping the change from fares, insisting they have no small bills or coins. That is the kind of international lingo that just about any beleaguered tourist can understand.

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## World

SOVIET UNION

# From Moscow to the Bering Sea

*In a historic flight, Watson retraces his journey across Siberia*

**M**odern air travel tends to erase the signature of the land below. But even from the windows of a Learjet flying nearly 600 m.p.h. at 40,000 ft., the vastness below could only have been Siberia. Two of the world's largest rivers, the Ob and the Lena, wind through a terrain that seems as limitless as the sky itself, and as lonely. There are almost no telltale ribbons of road, no curls of smoke from factories, no patchwork quilts of farmland. Instead, breaks in the cloud cover reveal expanses of forest, taiga and tundra. Over the course of the flight's six days, not a single other airplane was spotted in the sky. Little danger of collisions over Siberia.

Nor was there much danger of wandering off course. As the plane worked its way eastward from Moscow to the Bering Sea, traversing 5,680 miles and nine time zones, the radio crackled with instructions. In heavily accented English, Soviet air controllers told "American airplane November 6789"—the numbers on the plane's tail—exactly where it should go. Meanwhile, Yuri Yermakov, a good-natured, attentive Soviet navigator, leaned into the cockpit, monitoring the instruments. History, after all, was being made: the pilot and his passengers were the first Westerners to make a private flight through Siberia to Alaska.

At the plane's controls was Thomas J. Watson Jr., 73, former chairman of IBM Corp., onetime U.S. Ambassador to the Soviet Union and self-described "oldest jet pilot in the world." In World War II, Watson had helped ferry bombers and fighters from Alaska to Moscow. After Watson returned as the American Ambassador in 1979, he sought permission to retrace the route.

The Kremlin finally approved Watson's unprecedented flight plan in May, apparently in part to symbolize its policy of *glasnost* (openness). Watson equipped his twin-engine, eight-seat Gates Learjet 55 with an extra starter, generator and spare tires. He had a backup navigation device that tuned into the U.S. Navy's global system for



Climbing aboard in '41

keeping in touch with its submarines. The plane's tiny galley was stocked with V-8 juice, Perrier and candy bars, and the cabin sound system alternated between taped classical music and Watson's tour-guide observations from the cockpit ("Everyone look out the left side!").

Taking off from White Plains, N.Y., Watson stopped for six days in Moscow, where he was received by Soviet

President Andrei Gromyko and Politburo Member Alexander Yakovlev. Watson then set off for Siberia. In addition to a copilot, he took along his 16-year-old grandson Willy. Also aboard were Elizabeth and Mark Garrison. He was Watson's deputy in the Moscow embassy.

During the first Siberian refueling stop, at Syktyvkar, the capital of the timber-producing Komi Autonomous Re-

public, the local air-defense commander noted the difference between Watson and Matthias Rust, the West German teenager who languishes in a Moscow jail for landing his Cessna outside Red Square in May. "You see," he joked, "with advance notice from you and permission from us, Soviet airspace can be very hospitable."

The deputy mayor of Syktyvkar, Vsevolod Isakov, delivered a short lecture on the commitment of his comrades to Mikhail Gorbachev's reforms. He then apologized that on orders from Moscow he could serve only tea from a samovar rather than something stronger from a bottle. "That's okay," said Watson. "Vodka's not so good for pilots anyway."

Watson never flew at night, and his longest stretch in the air lasted four hours. At each of his five stops he was accorded a welcoming ceremony, complete with gladioli and carnations. His hosts marveled that Watson himself was *zu rulyom* (behind the wheel).

Watson met with dozens of veterans of the "Great Fatherland War," many of them walking with canes and all bedecked with battle medals. At a reunion in Yakutsk, a frontier town built on permafrost, Yuri Spiridonov, 64, proudly recalled how he had helped repair Watson's B-24 bomber in 1942 after it had developed engine trouble and nearly crashed. The last stop was Anadyr (pop. 17,000), a desolate port on the Bering Sea. Watson politely sampled a local delicacy, jellied reindeer tongue, and stole a look at the squadron of Sukhoi-15 interceptors at the far end of the runway. They were a grim reminder of how inhospitable the Soviet Union can be to uninvited guests: a similar fighter shot down Korean Air Lines Flight 007 some 2,000 miles southwest of Anadyr in September 1983.

But such unpleasant subjects were not on the agenda of Watson's mission. "The main purpose of this flight," he told the farewell party at Anadyr, "is to relive the greatest adventure of my life 45 years ago—and to remind all of us that Americans and Soviets got along pretty well when we had to. Maybe we can do so again, now that we face a common enemy worse than the Nazis, and that's the threat of nuclear war."

He then gave a good-luck pat to the fuselage of N6789 as he climbed aboard, strapped himself into the left-hand seat of the cockpit, flashed a final thumbs-up and headed home.

—By Strobe Talbott, with Watson over Siberia



A crowd of well-wishers greets the former Ambassador in Irkutsk



The veteran pilot at the controls



Memories of a job well done

# NISSAN

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\*J.D. Power 1987 New Car Initial Quality Survey.



## *THE NAME IS NISSAN*





A full-page advertisement for Marlboro. The background is a scenic landscape with a river in the foreground where several horses are wading. The horses are of various colors, including white, grey, and dark brown. The riverbank is covered in tall, dry grass and shrubs. In the background, there are rolling hills and a large, light-colored mountain range under a clear blue sky. The Marlboro logo is prominently displayed in the upper center of the image.

# Marlboro

The background of the advertisement is a scenic landscape featuring a river flowing through a valley. In the foreground, a herd of horses is wading through the water. A person on a horse is visible further down the river. The hills in the background are covered in sparse vegetation. The overall tone is natural and serene.

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## World Notes



Panama: Noriega could lose a powerful friend



Canada: Broadbent after victory



The Philippines: harvest time at the Aquino plantation

### PANAMA

## No Relief for The General

Besieged by nearly two months of public protests against his military regime, General Manuel Antonio Noriega last week suffered the loss of more support from a longtime ally: the U.S. suspended \$26 million in military and economic aid to Panama.

The move demonstrated the Reagan Administration's displeasure over an attack last month on the American embassy by a pro-Noriega mob. The U.S. believes the assault was incited by Panamanian officials in retaliation for a U.S. Senate resolution calling for the general to step aside and face several charges, including election fraud and the murder of a political opponent.

Last week's suspension of aid is likely to have few tangible effects. Nonetheless, noted Opposition Leader Ricardo Arias Calderón, it showed that the U.S. "is willing to withdraw support from the dictatorship."

### THE PHILIPPINES

## Battle over The Land

Clocking in at 22 minutes, it was by one account the "shortest and weightiest" Cabinet meeting of the 17-month Aquino administration. With-

out fanfare, President Corason Aquino coolly signed a sweeping land-reform decree ordering the redistribution of most public and private agricultural lands among the country's 2.6 million tenant farmers and landless peasants. The 16,000-acre sugar plantation owned by Aquino's family, the Cojuangco clan, will be affected by the ruling.

Reaction to the decree was swift. On the left, disgruntled farmers charged that the plan did not go far enough and would enrich landlords. On the right, some landowners signed an oath in blood to fight the program. The new Congress, which convenes this week, must decide key issues, including how many acres landholders will be permitted to retain and how soon the program will go into effect.

### CANADA

## A Year of Ten Months

Shaken by a month of scandals in 1985 involving members of his government, Prime Minister Brian Mulroney suggested afterward that it might be nice if he could outlaw Septembers. After last week, Mulroney might also want to delete July from his calendar. In elections to fill three vacant seats in the House of Commons, his troubled Tories staggered in behind both the opposition Liberals and the minority New Demo-

cratic Party, which emerged triumphant in all the races.

Members of the Socialist International, the New Democrats pushed an ambitious agenda, including increased government spending on social programs. However, they owed their success as much to unhappiness with Mulroney as to the public's desire for new faces. Though the New Democrats still control only 33 seats in the 282-seat House (compared with the Tories' 208), New Democratic Leader Ed Broadbent demanded that Mulroney call national elections this fall, two years before he is required to do so. Said Broadbent: "The results show a rather basic change in political attitudes."

### AFGHANISTAN

## Seeking a Way To Go Home

Ostensibly, Afghan Leader Najibullah traveled to Moscow last week for routine talks about space flights and peace. The two-day trip produced a Soviet pledge to put an Afghan cosmonaut in space and gave Najibullah a chance to reiterate his support for a coalition government that would include representatives of the rebels who have fought the Soviet-backed regime for the past seven years.

The hastily arranged visit, however, served to reflect Mikhail Gorbachev's growing impatience with the costly and

stalemated war. The Soviet leader declared that "in principle, withdrawal of Soviet troops from Afghanistan has been decided upon." Gorbachev insisted, though, on an end to what he called outside interference in the conflict. That includes devastating ground-to-air missiles supplied to the rebels by the U.S. and other countries.

### TERRORISM

## Sudden Death, Swift Valor

Air Afrique Flight 056 was en route from the Congo to Paris last week when Hussein Ali Mohammed Hariri, a 21-year-old Lebanese, burst into the jet's cockpit waving a 7.62-mm Beretta and demanded to go to Beirut. The captain said the DC-10 would first have to refuel in Geneva.

Hariri insisted that West Germany release Mohammed Ali Hamadei, a suspect in the 1985 hijacking of a TWA jet, and Hamadei's brother Abbas. To show he meant business, he coldly executed French Passenger Xavier Beaulieu, 28, with a shot in the head. When a traveler managed to open an exit door, the captain threw a switch that unlocked the others. As people tumbled down slides, a steward jumped the hijacker and was shot and wounded in the stomach. Swiss police then stormed aboard and grabbed Hariri. He now faces murder charges.

## Economy & Business



Changing signs: the average U.S. gasoline price crossed the \$1-per-gal. threshold in mid-July

# The Big Dip Is History

*Oil's rise irks consumers but spurs the Energy Belt*

**A** dog-day sigh of resignation wafted across America last week as summertime vacationers gassed up their Winnebago campers, truck drivers pumped diesel fuel into their tanks, and homeowners paid their electric-utility bills. "If I think about it too long," griped Eileen McDargh, a California communications consultant, "I get angry." Alas, the Great Oil Giveaway of the mid-1980s is apparently over. Dollar-a-gallon gasoline is back. The Organization of Petroleum Exporting Countries, a laughingstock to the industrial countries just a year ago, is riding high once again. Oil-company profits are on the rise, as are worrisome imports of foreign crude. So what happened to the oil bonanza?

It looks as if it was a one-shot deal, giving hundreds of millions of consumers in fuel-thirsty countries a chance to revisit, if only for a year or so, the freewheeling days of cheap energy. The big dip, in which the price of a barrel of crude oil plummeted from \$27 to less than \$10 during 1986, was a boon for most parts of the U.S. economy. It knocked inflation down to just 1.1% for 1986, saved the country more than \$25 billion in gasoline bills during the same period and inspired motorists to savor a Year of Driving Frivolously. Mused Gina Blumenfeld, a Santa Monica, Calif., television producer, who spends 1½ hours commuting daily: "It made me feel like we were in 1968 again and paying 32¢ a gallon."

Welcome back to the future. Since February the price of crude oil in the New York futures market has jumped from less than \$17 per bbl. to about \$21. That is not so bad as the \$34-per-bbl. price during OPEC's heyday in early 1982, but it is not cheap either. The increase is already aggravating a slowdown in the U.S. economy. Last week the Commerce Department reported that economic growth during the year's second quarter slumped to 2.6%, compared with a more robust 4.4% during the first three months. Meanwhile, the Labor Department said consumer prices rose at an annual rate of 5.4% during the first half of 1987, a nearly fivefold jump from last year's level. Much of the gain is attributable to energy costs, which increased 16.7% during the period. The cost of electricity, much of which is oil-generated, rose 2.5% in June alone.

At the gas pump, motorists are noticing that a fill-'er-up costs a couple of extra dollars this summer. From last November's low of 84.6¢ per gal., the average price of gasoline in the U.S. rose to slightly more than \$1 per gal. by mid-July, according to the authoritative Lundberg Survey. Retail prices will rise an additional 5¢ or so by Labor Day, analysts predict. Nonetheless, gasoline prices will still be substantially lower than their all-time peak, in March 1981, of \$1.37 per gal.

Helping spur those price increases is a rising U.S. demand. The 1986 fall in the cost of gasoline encouraged many Americans to take to the road more often. According to a survey by Hertz rent-a-car, motorists drove their autos an average of 9,304 miles last year, compared with a postwar low of 8,037 in 1982. Partly as a result, the U.S. has increased its petroleum consumption to 16.4 million bbl. a day during the first half of 1987, up 2.1% from the same period last year, according to the American Petroleum Institute. While that expansion seems small, the problem arises from a simultaneous 6.1% slump in domestic U.S. production, to 8.4 million bbl. a day. The widening gap is being made up by imports of crude and refined products, which have risen 27% in the past two years, to nearly 6 million bbl. a day.

The jump in futures prices, which have gone past \$22 per bbl. at times during recent weeks, has been fueled partly by short-term, speculative fears over tension in the Persian Gulf, where U.S. warships are now escorting Kuwaiti oil vessels threatened by Iran. "Traders were dreaming about the gulf in flames, an eventuality that would cause the price to soar out of sight," said Constantine Fliakos, senior oil analyst for Merrill Lynch.

Yet the fundamental force behind the doubling of oil prices since last summer is OPEC's new solidarity in controlling its output. When OPEC ministers met in Vienna in late June, they managed to agree on an overall production limit of 16.6 million bbl. a day, down from more





Motor-home sales remain steady, but some customers are opting for smaller vehicles instead of fuel-gulping mansions-on-wheels

ROBERT LANGRISH

than 20 million bbl. last August. The meeting was much more harmonious than the usually raucous OPEC sessions of the past few years. "It took us to 3 o'clock in the morning, but you can see we succeeded. The atmosphere is far more positive," boasted Iranian Oil Minister Gholamreza Aqazadeh in an interview published in *Petroleum Intelligence Weekly*, an industry publication.

Many experts attribute the cooperation to a new, informal alliance between Saudi Arabia, the traditional OPEC leader, and Iran, the habitual firebrand. The big turnaround came last October when the Saudi royal family dismissed the country's longtime Oil Minister, Sheikh Ahmed Zaki Yamani. He had in large part triggered the oil-price collapse in late 1985 when he embarked on a strategy to increase the Saudi market share by flooding the markets with crude. The resulting price collapse infuriated many OPEC colleagues, most notably Iran, which depends on oil income to finance its seven-year war with fellow OPEC member Iraq.

Stunned by the price free fall it created, Saudi Arabia returned to curbing its output as a way of preventing OPEC's total production from glutting the market. "The Saudis are no longer insisting that oil prices remain soggy," says Henry Schuler, an energy specialist at Washington's Center for Strategic and International Studies. Carrying out the new policy is Yamani's replacement as Oil Minister, the UCLA-educated Hisham Nazer, who is kept on a tighter rein than his predecessor by the royal family. Nazer's restraint greatly pleases his Iranian counterpart, Aqazadeh, who declares, "Hisham Nazer is dealing with all positions very logically."

What is good for OPEC in this case is good for Texas, Louisiana and Oklahoma. Low prices have devastated the economies of those states as oil companies slashed their

exploration and drilling budgets and laid off workers. Total spending on U.S. oil and gas drilling plunged from \$4 billion in 1981 to just \$281 million last year, according to Robert Stanger & Co., an investment research firm. But now the very faintest hint of oil-patch pride, if not swagger, is returning. The number of U.S. oil-drilling rigs in operation reached 922 last week, up from 692 a year ago. Many companies are hurrying to drill in the Gulf of Mexico because expensive offshore leases they bought in 1982 will expire soon. At the same time, drilling gear and manpower are in abundant supply. "It's now as cheap as it will ever be to drill wells, so I am guardedly optimistic," says Darryl Smith, vice president of operations for Houston's Resource Drilling.

Oilmen claim they will need prices of about \$25 per bbl. before they can earn an adequate profit. Even so, the painful shake-out of the past two years has had the positive effect of making the industry leaner and more efficient. Says Philip Crouse, a Dallas oil consultant, "Every-one had planned to survive this year on \$15 oil, so any price beyond that is seen as an opportunity."

Yet the Southwest will be a long time rebuilding from its oil bust, which is still producing bank failures, corporate collapses and property foreclosures. Says Alex Sheshunoff, an Austin-based banking consultant, "The major problem is in real estate, and that won't change until the oil companies and other businesses start adding enough staff to help fill all the empty office space and homes."

**M**any side effects of more expensive oil are already starting to spread through the economy. Several airlines have imposed fuel surcharges on their ticket prices. TWA, for one, has tacked on \$3 to \$7, depending on the flight's distance. While motor-home sales remain strong, manufacturers think many consumers are already becoming leery of gas-gulping mansions-on-wheels. Says Sidney Johnson, vice president of marketing for Coachmen Industries, "Our product mix is moving toward smaller vehicles. Folding camp trailers are growing faster this year than any other product." The biggest victims of the oil price hike could be farmers, who depend on petroleum-

based supplies ranging from gasoline to agricultural chemicals.

Now that oil prices have doubled, they are unlikely to take any sharp jumps in the near future—barring a calamity in the Persian Gulf. OPEC is wary of pushing prices too high, according to John Deaver, chief economist for Ford. That, he says, would hurt the group by once again encouraging sharply increased production from non-OPEC sources. So OPEC may be content for now with oil in the \$20 range, which leaves Texas oilmen less than thrilled and gives consumers at least a mild case of summertime blues.

—By Stephen Koopp.  
Reported by Richard Hornik/Washington and Gary Taylor/Houston



Roustabouts drilling a new well last week near El Campo, Texas

Now 922 rigs are at work, compared with 692 a year ago.

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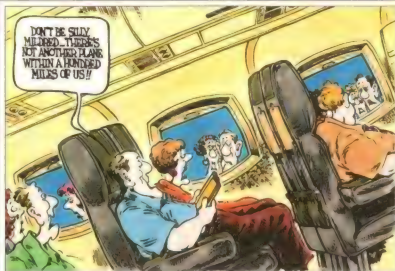
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# BUICK

## Economy & Business



### Disasters Waiting to Happen

*As close calls in the air mount, the search for causes intensifies*

"Flying in the U.S. has more and more become a gamble—a deadly gamble."

—Senator Robert Byrd, speaking last week

It was just another Sunday in the summer skies. In Chicago the pilot of United Airlines Flight 75 had to break off his landing approach at O'Hare International Airport after his plane descended within a mile of a six-jet formation of F-16s from the Air Force's Thunderbird precision-flying team, which had been cleared for landing on an intersecting runway.

Over Virginia, two Delta 727s, under the guidance of Federal Aviation Administration traffic controllers, veered within 1.3 miles of each other, although five miles of airspace were supposed to separate the 92-ton planes. A much closer call came in Sacramento when the captain of Delta's Flight 1943 abruptly changed the course of his 44-passenger Boeing 737 to avoid a blue-and-white single-engine Cessna that came within 1,300 feet of a collision.

Those three incidents, which all happened on July 19, seem to support Senator

Byrd's alarming statement about air safety, made at hearings held by the Aviation Safety Commission, an independent fact-finding panel. Indeed, the occurrences are only a few of the latest entries in a daily diary of chilling near disasters for the U.S. airline industry. As the frightening frequency of midair miscues rises, passengers are demanding to know the causes and insisting on preventive measures.

As airline officials see it, the whole issue has been overblown by the relentless publicity of the past few weeks. They point out that dangerous incidents account for only a minute percentage of the more than 26,000 major-carrier and commuter flights that take off from U.S. airports each day. The industry takes justifiable pride in the fact that no passenger on a major U.S. jetliner has been killed since September 1985. But doubt is rising about how long the airlines' good fortune can continue. In the first six months of this year, reports of near midair collisions have totaled 494, up 27% from the first half of 1986. At the same time, recorded errors by U.S. air-traffic controllers have gone up 21%, to 654.

If there is one primary cause of the near disasters, it is overcrowding in the skies. In the past three years, the number of U.S. flights has risen by 22%, straining the force of overworked, relatively inexperienced air controllers. In 1981, before President Reagan fired two-thirds of the nation's controllers for going on strike, their ranks stood at 16,300. Six years later, there are only about 15,200. Sitting in front of glowing radar screens in the FAA's 415 airport towers and 22 flight-control centers, they have the stressful responsibility of tracking as many as 20 planes at once. "I feel myself getting burned out," says William McGowan, a controller at

### Taking Over the Controls

The two new czars of the airline industry last week made stunning moves to tighten control over their carriers. First Frank Lorenzo, chairman of No. 1 Texas Air, persuaded his board to oust the president of the company's main subsidiary, Continental, thereby giving Lorenzo direct command of the airline. Then Carl Icahn, who became chairman of No. 6 TWA 18 months ago, announced a \$1.2 billion plan to buy out public shareholders and take the company private.

At the moment, an Icahn-led investor group controls 73% of TWA's stock. Under the plan, Icahn would buy the 17% of the shares now owned by the public and leave the remaining 10% in employees' hands. The chairman would raise as much as \$800 million to finance the buyout by having TWA issue new securities, a move that some employees fear would overload the airline with debt. If Icahn's proposal wins Government approval, TWA would become the only major privately held

airline in the U.S., the first since Billionaire Howard Hughes bought the same TWA in the 1930s. As head of a private company, the secretive Icahn, who has sharply reduced TWA's chronic losses by slashing salaries and laying off workers, would be free to run the company as he sees fit.

Lorenzo's power play reflects the woes facing the Texas Air empire, newly built from Continental, Eastern, People Express and Frontier. Continental, which had to absorb all the merger partners except Eastern, has been drawing more passenger complaints than any other U.S. airline. Early last week Continental disclosed a \$71 million second-quarter loss, and the next day the airline announced the "resignation" of its president, Thomas Plaskett. He had arrived only eight months ago from American Airlines, where he was cited by *FOR-TUNE* magazine as one of the most respected senior managers in the U.S. Some Continental employees believe that Plaskett became a scapegoat for the problems generated by Lorenzo's pell-mell strategy of growth by merger. Said one pilot of Plaskett's departure: "It was like a death in the family."



Texas Air's Lorenzo

TWA's Icahn

## Economy & Business

the Nashua, N.H., center, which monitors all New England.

But safety concerns go far beyond the confines of the U.S. air-traffic-control system. Last week a British Airways jet arriving at London's Heathrow Airport had to abort a landing just above the runway after the pilot spotted a Pan Am 747 blocking his path. The preliminary finding: the Pan Am pilot had taken a wrong turn on the runway. This followed a July 17 incident at Heathrow in which an arriving TWA 747 was just 500 feet above the tarmac when a flashing red light on the instrument panel told the pilots that their landing gear was not in position. They managed to pull the plane skyward just 30 seconds short of impact. It is not yet clear whether the three-man crew simply forgot to put down the gear or whether there was an equipment failure. Such episodes make jittery air travelers wonder if pilots are getting proper training. They are, insist the airlines. Major carriers subject their pilots to refresher courses and rigorous physical examinations twice a year. The programs for pilots employed by the major carriers include classroom sessions and time spent in flight simulators, which duplicate both routine and emergency conditions while supervisors monitor the pilots' reactions.

But no simulator can prepare pilots for the real-life tensions found in today's cockpits. Some pilots complain that supervisors routinely ask them to ignore strict FAA regulations barring cockpit crews from putting in more than 30 hours of flight time in a seven-day period. Such rule bending can lead to fatigue, particularly on transcontinental trips. Indeed, many pilots ascribed to such routes bring along kitchen timers, which they set to go off at regular intervals to make sure the crew stays awake. "Pilots get tired like everyone else," says John Galipault, a former Air Force test pilot who runs the Ohio-based Aviation Safety Institute. A recent report in a Boeing company journal noted that pilot errors have accounted for 71% of major fatal accidents and hull damage since the dawn of the commercial-jet age.

Realizing the potential for human mistakes, aircraftmakers are scrambling to improve fail-safe features on their jets. One cockpit accessory in the experimental stage features sensors and alarms that warn pilots when other planes venture too close. The FAA is expected to propose soon that all major carriers and commuter airlines have such equipment by 1992. In the meantime, the Government intends to crack down on carelessness. Last week Transportation Secretary Elizabeth Dole asked Congress to increase from \$1,000 to \$10,000 the fine that can be imposed on airlines for safety violations. Just about everyone agrees that, by whatever means, airline safety has to be improved—before the string of close calls turns into a rash of crashes. —By Gordon Boek, Reported by Gisela Bolte/Washington and Lee Griggs/Chicago

## Jumping Jack Strikes Again

GE pulls the plug on color TVs and a radio network

They call him Jumping Jack Flash because he leaps on a good deal when he sees one, and John Welch has earned that nickname many times over since he became chairman of General Electric in 1981. Moving to cut low-profit divisions and bolster those that are doing well, he has sold more than 230 of GE's far-flung businesses and bought up nearly 350 others. His most spectacular coup was the \$6.3 billion acquisition last June of RCA. While reshuffling his company, Welch has pared away about one-quarter of GE's work force and made the aging titan of technology more profitable than it has been in years.

Ind. But Welch told the *Wall Street Journal* last week that he had seen the Thomson deal as the "chance of a lifetime" and, true to his sobriquet, jumped at it.

The transaction will be less a sale than a transatlantic swap. Thomson will acquire 31,000 employees, 17 factories and the right to use the GE and RCA labels on everything from cordless telephones to VCRs. In return, GE will receive Thomson's \$770 million medical-equipment division and a rumored \$800 million in cash.

The trade signals a major U.S. retreat in the face of unrelenting competition from the Far East. If the deal is complet-



France's Thomson will acquire this television assembly line in Bloomington, Ind.

A major U.S. retreat in the face of unrelenting competition from the Far East.

Last week Jumping Jack struck again. In a pair of surprise moves that showed little regard for sentiment or tradition, GE announced that the Fairfield, Conn., firm was getting out of two businesses that it and RCA had pioneered. On Monday, GE acknowledged plans to sell RCA's historic NBC Radio Network—which featured Will Rogers on its inaugural broadcast in 1926—to Westwood One, a California-based radio production and syndication company. Then on Wednesday, Welch announced an even more stunning step: GE, which called itself the "first and greatest name in electronics," will sell its huge consumer electronics business (\$3.2 billion in sales last year) to Thomson, the Paris-based conglomerate owned by the French government.

Welch had made no secret of his distaste for markets dominated by Japan's electronics firms. The timing of his action, though, came as a surprise to many. GE had increased domestic production of color TV sets and announced plans to modernize RCA's main plant in Bloomington,

ed, the U.S. will have only two manufacturers of color TV sets: Zenith Electronics and Curtis Mathes. Garry Brathwaite, a Shearson Lehman Bros. analyst, suggested that Welch's predecessor, Reginald Jones, would have been too sensitive about GE's all-American image to make the Thomson deal. Said Brathwaite: "To Jones, some product lines were sacrosanct. Jack Welch couldn't care less."

At RCA, the NBC Radio Network seemed virtually sacrosanct. It was the first of the nationwide radio networks that emerged in the late 1920s, and for decades millions of listeners tuned in faithfully to hear the antics of *Amos 'n' Andy* and the music of the NBC Symphony Orchestra. But this year the network, which now carries talk shows like *Sexually Speaking* with Dr. Ruth Westheimer, is expected to lose \$5 million. And any enterprise that does not contribute to the bottom line has no place at the new GE.

—By Philip Elmer-DeWitt  
Reported by Thomas McCarroll/New York, with other bureaus



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# A Puzzling Toll at the Top

*What is killing off so many of Japan's corporate chiefs?*

**R**unning a large corporation in the hard-driving Japanese economy has always been a tough job, but these days it may be a fatal one as well. The chief executives of at least twelve major companies, including Seiko Epson, Kawasaki Steel and All Nippon Airways, have all died suddenly this year. The unusually high toll in executive suites—there were only a third as many comparable deaths in all of 1986—is as mysterious as it is macabre. Most victims have been in their 50s and 60s, too young to die in a country where the average male life expectancy is 75.

The immediate causes of death ranged widely, from pneumonia to heart

those who are not capable of dealing with a new situation internalize stress, push themselves beyond limits and die suddenly."

Several of the corporate deaths indeed seem to fit that pattern. A partial listing of recent victims:

► Ichiro Hattori, 55, the president of Seiko Epson, died on a golf course in May after suffering a heart attack. In eight years as chief executive, he had built Seiko from a watchmaking company into an electronics giant. But last year profits plummeted nearly 80% because of the high yen.

► Toshiyuki Nakamura, who was presi-

► Takeo Kondo died at 64 in November of a liver ailment, only six months after becoming the president of Mitsubishi Corp., Japan's largest trading company. Even though Mitsubishi was expanding into new areas like telecommunications, the company's sales dropped by more than 10% during Kondo's tenure.

► Taizo Nakamura, president of All Nippon Airways, died in May at 66 of pneumonia after battling hepatitis for two years. He had overseen the difficult task of converting All Nippon from a largely domestic operation to an international carrier.

Of course, businessmen in every country face economic downturns. So why should the stress affect Japanese executives to any extraordinary degree? One answer may lie in the especially competitive business culture. Japanese managers,



**Taizo Nakamura: pneumonia at 66**

**Takeo Kondo: liver ailment at 64**

**Yoshio Ohno: pneumonia at 65**

**Ichiro Hattori: heart attack at 55**

*"Top executives have to attend a party or two after work... As a result, they end up eating high-calorie food and drinking a lot."*

attacks. But many Japanese are convinced that the real killer was *endaka*, which means a strong yen. The 40% rise in the value of the Japanese currency since September 1985 has made the country's products more expensive abroad and stalled its vaunted export machine. As companies have increasingly suffered slipping sales and profits, corporate leadership has become more stressful—and possibly deadlier—than ever.

The unexpected death toll has heightened the anxiety in the business community and given the Japanese press a cause celebre. Story after story has likened the fallen business leaders to martyred warriors. *Yomiuri Shimbun*, Japan's largest daily newspaper, ran a feature under these scary headlines: **SUDDEN DEATHS OF CORPORATE ELITES: DISEASE-FREE SOLDIERS UNDER HEAVY STRESS FROM RECESSION AND THE STRONG YEN**. The Sunday *Mainichi* referred to the trend as "death in combat."

Though no cause-and-effect relationship between economic and physical illness can be proved, Japanese medical experts do not consider the notion as farfetched as it sounds. Almost any disease can be exacerbated by tension. Observes Dr. Ryozo Okada, a professor of medicine at Tokyo's Juntendo University: "When faced with a sudden change in the business climate,

dent of Japan's third largest paintmaker, Dai Nippon Toryo, was meeting in March with other executives in his office when he suddenly put his hand to his chest and fell from his chair, dead of a heart attack at 62. Nakamura had been trying to engineer a recovery for the company, which had plunged heavily into debt.

► Kosuke Asano, 63, president of Nippon Light Metal, felt fit enough to walk 20 minutes to his office each morning from a train station. But after returning home from work one day in March, he died of a stroke. His company, Japan's largest aluminum producer, had been battered by cheap imports and was desperately trying to diversify into consumer products like ice cream-making machines.

► Shinzaburo Kato, 59, managing director of Kawasaki Steel, was a top executive in an industry that lost \$2 billion last year. A frequent overseas traveler, he died of a stroke in June while on a business trip to the U.S.

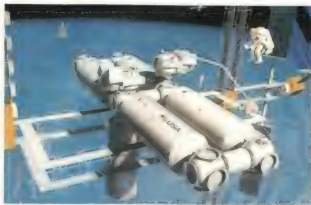
► Yoshio Ohno, who was president of Shiseido, Japan's largest cosmetics maker, used to swim regularly before he discovered earlier this year that he had a stomach ulcer. After undergoing surgery, he died of pneumonia in July. He was 65. He had been directing a major campaign by his company to expand into the U.S. and other foreign markets.

most of whom work for a single company during their entire careers, have an extremely close personal identification with the fate of that firm. Says Dr. Tomio Hirai, a psychiatry professor at the University of Tokyo: "A Japanese obsession with perfectionism puts pressure on executives. As a result, they tend to overstrain themselves." Such strain peaks during times of economic hardship, according to a study by Dr. Okada. He found that the incidence of heart attacks among Japanese managers was nearly four times as high during the oil crises of 1974 and 1979 as in the high-growth period of 1966-68.

The unhealthy effects of job stress are made worse by the workaholic life-style of typical Japanese executives. They have relatively little time for their families, and even their after-hours social encounters are usually work related. Says Dr. Yasuo Matsuki, director of Tokyo's Shin Akasaka Clinic: "Top executives have to attend a party or two after work almost day in and day out. As a result, they end up eating high-calorie food and drinking a lot." Dr. Matsuki and other physicians counsel managers to relax more at home and watch their diets. But for many of Japan's corporate elite, the best preventive medicine might be a lower yen and a resurgent economy. —By Janice M. Horowitz.

Reported by Yukinori Ishikawa/Tokyo

## Business Notes



Government contracts: what the space station might look like

### PENALTIES

## A Beef About The Meat Men

In 1906 Upton Sinclair's *The Jungle* shocked the public with graphic depictions of the slaughter in Chicago slaughterhouses. Since then conditions in the U.S. meat-packing industry have improved considerably, but they are still far from ideal. The Occupational Safety and Health Administration last week proposed a record \$2.59 million fine against IBP, alleging that in 1985 and 1986 the largest U.S. meat-packer knowingly failed to record 1,038 job-related injuries and illnesses at its Dakota City, Neb., plant. The unreported cases included knife wounds, concussions, burns, hernias, fractures and carpal tunnel syndrome, a painful condition of the wrist and hand often caused by repetitive motion.

The plant is not unique. Between 1981 and 1985 meat-packing had the highest rate of job-related injuries and illnesses of any industry.

### GOVERNMENT CONTRACTS

## Football Field In Outer Space

For aerospace contractors, it is the prize of the decade: a \$17 billion U.S. space station the size of a football field. Thus

when the bids for four major parts of the project arrived at NASA offices last week, the competition was weighty indeed. A typical bid package ran to nearly 20,000 pages, weighed three tons and filled scores of boxes. In one competition a consortium headed by Rockwell International and another led by McDonnell Douglas are battling for a \$2 billion to \$3 billion contract to build the space station's framework, air locks and guidance and communications systems.

NASA will study the bids for months before winners are announced, probably in November. The space station, which will require some 30 shuttle flights to haul its pieces into orbit, is scheduled to be completed in the mid-1990s.

### REGULATION

## Steaming over Smog Controls

"A lousy idea," sniped the Motor Vehicle Manufacturers Association. "Unwise and unwarranted," said the American Petroleum Institute. What caused Detroit and the oil industry to blow off steam last week were two Government proposals that could help cut down smog. The rules, put forth by the Environmental Protection Agency, would impose new controls on gasoline content and require improved pollution-control equipment on autos. Acknowledging that

the proposals are "controversial," EPA Administrator Lee Thomas said oil companies and automakers "are going to have to spend additional money."

So would consumers, of course. The new regulations would increase the amount of crude oil needed to make gasoline and thus boost costs for refiners. Thomas estimates the additional cost to be \$450 million a year, or  $\frac{1}{16}$ ¢ per gal. at the gas pump. But oil companies say the burden would be more like \$2 billion. The second proposal would require automakers to enlarge the charcoal canisters that are placed inside gas tanks to reduce the emission of fumes. Thomas says this modification would add only \$19 to the sticker price of a typical car, but automakers argue that the hike could be as high as \$80 in the first year.

### TECHNOLOGY

## Secret Sale, Public Shame

It is beginning to look as if several important components of Soviet technology should be stamped MADE IN JAPAN. Japanese police last week arrested an employee at Tokyo Aircraft Instrument for illegally selling the KGB a computerized system that enables pilots to plot optimum flight paths based on wind conditions. The technology does not have great mili-



Penalties: this IBP plant drew a proposed record fine of \$2.59 million

tary significance, but the incident could hardly have come at a more embarrassing time for Japan. Tokyo has been on the defensive for a month because of revelations that a subsidiary of Toshiba sold the Soviets high-tech equipment for the manufacture of submarine propellers. The uncovering of a second spy scandal will not make matters any better. Said a Japanese government official: "This is just the thing we need to make the Yanks hopping mad again."

### WAGES

## The Cash Woes Of Women

What do female college graduates have in common with male high-school dropouts? On average, they have been earning roughly the same amount of money: \$20,000 for the women and \$19,000 for the men. That is one of the dismaying findings of an economic study titled *The American Woman 1987-88*, which was released by the Congressional Caucus for Women's Issues.

The 300-page report indicates that the wage gap between male and female workers is far more entrenched than generally perceived, despite women's growing participation in the labor force. Women still bring in only 68¢ to the \$1 earned by men, an inequity that is closing only about a penny a year.

## Religion



Antidote to bankruptcy: Heritage USA employee collects mail-in donations from the faithful

COVER STORIES

# God and Money

*PTL, facing bankruptcy, fights for survival*



By turns angry, bewildered and curious, an anxious crowd descended on the Jefferson Square Theater in Columbia, S.C., last week. Their aim: to play a role in the next installment of a long-running American serial of sex, cash and power—a show resembling some lurid made-for-TV mini-series that might be called *God and Money*. For six hours, harassed officials of the embattled PTL (for Praise the Lord or People That Love) ministry were confronted at a public bankruptcy hearing by members of the flock that had supported the \$203 million religious empire created by its ousted leaders, Jim and Tammy Bakker. The officials struggled to assure PTL donors that the foundering television-and-theme-park ministry, now about \$68 million in debt, might soon turn a profit. Asserted the new PTL chief operating officer, Harry Hargrave: "We will be able to pay our debts. We are very confident of that."

Someone apparently less confident, though, was Televangelist Jerry Falwell. The Lynchburg, Va., preacher, who took control of PTL after Jim Bakker's March 19 resignation, looked grim as he

faced studio cameras later in the week on PTL's regular morning television show. Falwell told viewers that donations had taken a nosedive since PTL formally filed for bankruptcy on June 12. If \$1.75 million is not raised by July 31, he announced, PTL might be forced to stop broadcasting on some of the 161 stations that, for a fee, carry the ministry's born-again message. Said Falwell: "There's no more postponing. We've come down to D-day."

But as Falwell spoke, the PTL scandal continued to cast a pall across the entire secretive big business of televangelism. As never before, "skeptics have fuel for their fires," said David Hubbard, president of Fuller Theological Seminary in Pasadena, Calif. "They may see this as reflecting on the excesses of the whole evangelical movement."

Aside from his cash flow, one urgent problem facing Falwell is what to do about the claims of 120,000 PTL "Lifetime Partners" who each gave at least \$1,000 to the organization, with the promise of free lodging for three nights a year at the ministry's theme-park hotel. The organization, though, has little hope of fulfilling those pledges because the number of donors exceeds the number of hotel rooms



"A dream to build something very special for God's

available by 5 to 1. Falwell noted last week that if the court declares those donations, which total \$180 million, as debt, PTL will have to close down.

Days of reckoning have seemed to come and go with nightmarish frequency for PTL since Jim Bakker's admission that he had had a sexual tryst with Jessica Hahn, a church secretary from Long Island, N.Y., and had paid out \$265,000 in hush money. Last week Hahn's lawyer announced that she would cash in further on the incident by telling her story in *Playboy* for an undisclosed sum.

As last week's bankruptcy hearing wore on—in anticipation of PTL's corporate-reorganization plan due in October—no fewer than 18 investigators from the Justice Department, the U.S. Postal Service and the Internal Revenue Service pored over mountains of the ministry's financial records at its headquarters in Fort Mill, S.C. The officials were readying material for a federal grand jury hearing.



people": Jim and Tammy Bakker relax with a friend



Discussing a probe: Falwell, left, and Swaggart, right, with Congressman Pickle in Washington

up in little more than a decade of fervent television preaching (see following story). Many are not happy with what they see. A Gallup poll survey this spring showed that since 1980 there has been a sharp decline in American public esteem for four of the country's most important TV preachers: Oklahoma-based Oral Roberts (whose approval rating dropped from 66% to 28%), Swaggart (76% to 44%), Virginia's Pat Robertson (65% to 50%) and California's Robert Schuller (78% to 61%).

**T**he televangelists are also suffering where it hurts the most—among viewers. Arbitron, which measures the size of local- and cable-television audiences, says most TV ministries have suffered a significant fall in viewership. Concurrs Fred Viera, president of United Cable, the nation's eighth largest operator: "We do not see their audiences growing. They're staying relatively flat." One evangelist cracks, "I was in West Irian on the island of New Guinea, and even some of the Stone Age people are familiar with the PTL scandal. That's how far it has gone."

It may go further. Within weeks of losing his grip on power at the Fort Mill ministry, Bakker began denouncing Falwell as a usurper. A solid core of Bakker loyalists at PTL apparently believes him. One complicating issue is that Falwell is a Fundamentalist, a group that rejects the faith healing and speaking in tongues practiced by the Pentecostal PTL faithful. Amid last week's emergency pitch for donations, Falwell disclosed an apparent plot by dissident PTL members to sabotage his fund-raising efforts. During the funding telethon, PTL lines were jammed by crank and obscene calls. Falwell eventually announced that no pledges would be accepted over the telephone and urged donors to send checks by mail.

One reason the struggle for control at PTL continues is that the stakes, even in bankruptcy, are considerable. For all its financial woes, PTL remains a glittering prize, with its daily TV show, its all-day religious cable service transmitted to 13 million homes, and the splashy, 2,300-

acre Heritage USA theme park, the ministry's entertainment centerpiece. PTL's Hargrave denied at the bankruptcy meeting that Falwell had usurped PTL's 518,000-donor mailing list and that checks made out to PTL had gone to the Lynchburg ministry. Bakker loyalists remain unconvinced. Said Robert Zanesky, the lawyer for a group of PTL contributors intent on removing Falwell: "His credibility stinks." Says Ryan Hovis, a bankruptcy lawyer representing Bakker: "No stockholder in Chrysler would sit still if Lee Iacocca were chairman of the board for Ford."

The two central protagonists of the PTL turmoil, meanwhile, continued to parade their opulent life-styles. The couple breezed into San Francisco on July 11 as guests of their flamboyant tort lawyer, Melvin Belli, who is now laying the legal groundwork in his effort to have Bakker reinstated at PTL. During their week-long stay, the Bakkers were billeted on Belli's 105-ft. ocean-going yacht, *The Adequate Reward*, and were taken to parties, dinners and exclusive stores by Belli's wife Lia. Tammy enjoyed a makeover at Lia's favorite hair salon, 77 Maiden Lane.

A week earlier Jim and Tammy Bakker had been supervising \$300,000 worth of renovations to their Gatlinburg, Tenn., home, which they bought for \$148,000. Hammer in hand, Bakker greeted two TIME correspondents at the house, high above the resort town in the Great Smoky Mountains. Both Jim and Tammy vowed either to return to Fort Mill or to begin their own ministry, perhaps in California. For an hour Bakker defended himself as a "visionary" who had a "dream to build something very special for God's people." He asked, "Even if Jim and Tammy did everything we're accused of, does that give Jerry Falwell the right to steal my dream, my life, my home, my everything and my reputation from me?" Amid the growing investigative ferment surrounding the wounded ministry, it appeared that a host of interested parties would soon be trying to answer that question.

—By David Brand.  
Reported by Barbara Dolan/Baton Rouge and Michael Riley/Fort Mill

scheduled to begin in Charlotte, N.C., on Aug. 17. The focus, according to sources close to the investigation: the possibility of criminal tax fraud, wire fraud and mail fraud by Jim Bakker and other PTL leaders who have left the ministry since Falwell took over.

The House Ways and Means oversight subcommittee has also launched an investigation into the tax-exempt status not only of PTL but also of ten other major televangelist organizations. The committee has asked PTL representatives, among others, to appear at a hearing, probably in September. Texas Democrat J.J. Pickle, a member of the committee, last week met with the eleven religious broadcasters involved in the probe, including Falwell and Preacher Jimmy Swaggart of Baton Rouge, La., to question them closely about TV ministries' finances.

Increasingly, a growing number of Americans are focusing on the doings of the huge, semisecret gospel business empires like PTL that have sprung



# Enterprising Evangelism

Scandal opens a window on TV's major preachers—but not too wide

**\$** Televangelism is a special kind of big business. In less than two decades, the vocation of preaching the Word of God via video has grown from hardscrabble beginnings into far-flung real estate and broadcast empires with assets ranging in the hundreds of millions of dollars. In almost every instance, those holdings are dominated by a single dynamic individual who decides how the money will be spent and who strives, above all, to keep vital donations flowing from the faithful.

Who are the televangelists and how well are those multimillion-dollar stewardships handled? What exactly hap-

The controversy in the field of televangelism is being stirred by six Protestant conglomerates of varying wealth and influence. The gaudiest is scandal-tarred PTL: proceeds from all operations in 1986 came to \$129 million. PTL is currently run by Fundamentalist Jerry Falwell, 53, who also telecasts weekly services from his own 22,000-member Baptist church in Lynchburg, Va., and operates Liberty University, a 7,500-student institution, and a 1.5 million-subscriber cable system, the Liberty Broadcasting Network. Annual proceeds from Falwell's ministry amount to about \$84 million. In Baton Rouge, La.,

Pentecostal Jimmy Swaggart, 52, has his 4,300-member local church, plus daily and weekly TV shows, he stage-manages elaborate preaching tours in the U.S. and overseas and leads a Bible college. Proceeds from the ministry: some \$142 million.

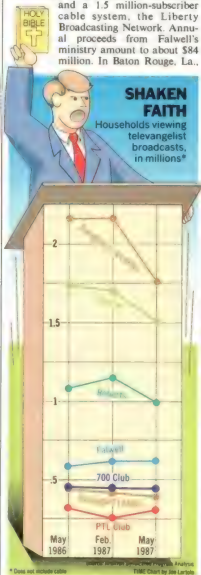
Based in Virginia Beach, Southern Baptist Pat Robertson, 57, formerly presided over a daily talk show (*The 700 Club*), his Christian Broadcasting Network (CBN) and a graduate school. (All those activities are now run by subordinates while Robertson campaigns for the Republican presidential nomination.) His ministry's activities earn some \$183 million annually. In Tulsa, Oral Roberts, 69,



PTL Overseer Jerry Falwell

pened at PTL? Could it affect other major television ministries? To answer these important questions, which involve hundreds of thousands of devout Americans and the huge amounts of money they give, TIME conducted a month-long investigation of these often secretive organizations. In the process of piecing together a comprehensive picture of the inner workings of PTL and other ministries, correspondents scrutinized hundreds of documents and crisscrossed the U.S. to speak with the key performers and more than 100 inside sources, many of whom had previously refused all interview requests.

Despite the many hovering suspicions and accusations, including the renovated PTL, are currently caught in any scandal. But TIME's examination revealed a continuing pattern. In case after case, the basic management problem that gave birth to the PTL scandal was glaringly evident in other evangelical organizations: a lack of effective accountability.



Louisiana Spellbinder Jimmy Swaggart

a member of the United Methodist Church but Pentecostal in style, oversees daily and weekly television shows and presides over a \$500 million complex, including the 4,650-student Oral Roberts University and the City of Faith Hospital. Annual budget: some \$120 million. Robert Schuller, 60, who was ordained by the Reformed Church in America, broadcasts his syndicated weekly *Hour of Power* shows from the \$20 million Crystal Cathedral in Garden Grove, Calif., and takes in some \$42 million annually.

All these entrepreneur-preachers have been hit hard, at least temporarily, by the PTL scandal. Swaggart says that in April and May he ran a \$3 million deficit; the June gap was a little over \$1 million. In June, Robertson's CBN reported \$12 million in lost revenues for the three-



month period ending in May and projects a \$21 million shortfall through next March. The Roberts organization has admitted that monthly donations to the ministry dipped from \$4.5 million to about \$3 million in April and May. Falwell has reported a \$4 million deficit in the wake of the scandals, and Schuller admits to a "significant" dip during March and April.

The drop in funds has coincided with a decline in the ministries' TV audience. Exact figures on cable viewership are hard to come by, but the falloff of broadcast viewers has been dramatic (see chart). Between February and May, the number of TV households tuning in to Swaggart's weekly show dropped from 2,161,000 to 1,759,000. Robert Schuller's *Hour of Power* lost 191,000 households, dipping to 1,507,000. Oral Roberts dropped 155,000 households, to 994,000. Jerry Falwell's *Old Time Gospel Hour* and Robertson's daily *700 Club* just about held even. The only gainer of the group, ironically, was *The PTL Show*, which climbed from 250,000 to 302,000 households. That increase may have been due to curiosity seekers or to Falwell supporters who

the Jimmy Swaggart Ministries headquarters, for example, workers used to extract some \$2.5 million in monthly donations from occasional donors. That amount has now been cut in half.

**A**ll these ups and downs stem directly from accounts of the mismanagement, which reached epic heights, or perhaps depths, at PTL. From a jury-rigged studio, which began broadcasting in 1974 from an old furniture store in Charlotte, Jim and Tammy Bakker had nurtured a Christian entertainment colossus. But the mountains of documents at PTL show that the ministry ran, almost literally, on a wing and a prayer. At one time the ministry spent employee retirement funds to pay operating expenses. PTL had no reliable internal audits, no checks and balances for financial accountability and often no receipts or other devices for keeping track of incoming and outgoing cash. In the final months of the Bakker era, PTL was taking in \$4.2 million a month and spending \$7.2 million.

Behind the accumulated chaos was a helter-skelter organization run by an inse-

at PTL, in the Bakkers' last 16 months in power, more than \$2.4 million was paid out of a single confidential executive checking account handled by the Charlotte office of Laventhol & Horwath, PTL's auditors. Almost \$1.4 million in compensation went to the Bakkers and top executives from the account during the first four months of 1987. Aide David Taggart received 1987 cash advances of \$111,000 and bonuses of \$225,000. Payments totaling \$128,000 were made last year to James Taggart, brother of David, who ran an interior-decorating firm.

All of that came atop the Bakkers' salary and compensation, which the current managers of PTL estimate at \$1.6 million for 1986. That was up considerably from a decade earlier, when Bakker drew \$24,000 in salary and expenses. In subsequent years, that amount ballooned as Bakker used expense accounts to pad his income. By 1982 Bakker was making about \$129,000 and Tammy \$52,000, yet all the Bakkers' expenses, from tutors for the couple's two children to their personal automobiles, were covered by PTL. The ministry paid for virtually everything, no matter how trivial: Bakker once sum-



Oklahoma-based Oral Roberts

tuned in after the Fundamentalist minister took over the program.

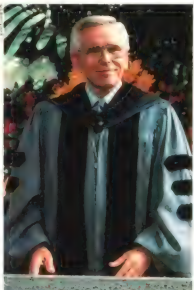
The ratings changes are highly significant in the televangelism industry, because viewers form what ministries term their "donor base." The faithful TV audience is a mainstay of ministry income, providing a steady flow of gifts—commonly \$10 or \$20 a contributor. The names and addresses of donors are carefully preserved in computer banks and used in direct-mail donation pitches, another major source of ministry income. At



Presidential Aspirant Pat Robertson

cure, often dictatorial man who, in the words of a former PTL executive, "didn't know how to balance his own checkbook." Executive turnover was constant. PTL repeatedly switched legal advisers and accounting firms. Under Bakker, PTL at one point had 47 bank accounts and 17 vice presidents, with financial control split into four separate departments. Thus no one except Bakker and his closest aides had an overall view of the ministry and its money.

Some of the Bakkers' excesses have been well documented. Among them: six luxurious homes, complete with gold-plated bathroom fixtures and, famously, Tammy's air-conditioned doghouse. But behind those well-publicized items, a broader pattern of plundering PTL's treasury has emerged. According to the Falwell loyalists who are currently in charge



Upbeat Preacher Robert Schuller

moned a PTL plumber to attach a lawn hose to a spigot at his home.

The Bakkers and their close aides drew colossal bonuses with the approval of PTL's complaisant seven-member board. "We directed very little, but we approved a considerable amount," says former Board Member J. Don George, pastor of the 4,500-member Calvary Temple in Irving, Texas. In a series of confidential board minutes for November and December 1986, subsequently obtained by TIME, no numbers are listed for the bonus granted to Jim and Tammy and to Richard Dortch, a top aide who joined PTL in 1984 and was defrocked along with his boss in the wake of the Hahn scandal. Instead, on

## Religion

an attached piece of Jim Bakker's stationery are listed bonuses totaling \$800,000 for the preacher, \$175,000 for his wife and \$175,000 for Dorcote.

Were the board members bought off? All deny it. Even so, some board members received substantial gifts from PTL for their own churches. Board Member George, for one, received a \$100,000 gift for landscaping his church in Texas shortly after he joined the board in late 1985.

The Bakkers' high living had caught the eye of the IRS long before the PTL scandal finally broke. In 1981 the agency launched a two-year inquiry into the ministry. Then, in a confidential 1985 report, the taxmen recommended revocation of PTL's tax-exempt status, retroactively to 1980. Reason: the IRS believed the organization did not operate exclusively for tax-exempt purposes and that part of its income personally benefited the Bakkers and others.

Among other things, the IRS report called Jim Bakker's compensation for 1981 (\$259,770.29), 1982 (\$400,765.58) and 1983 (\$638,112.27) excessive. The agency raised questions about a host of other Bakker-PTL arrangements. Among them: PTL's purchase of a \$390,000 condominium for Bakker in Highland Beach, Fla., in 1982, along with \$202,566 that was spent on furniture and fixtures; and an interest-free loan of almost \$76,000 to Bakker from the ministry. For its part, the ministry argued that Bakker's salary was reasonable because he was the "guiding light" of the ministry. IRS suspended its long-pursued civil cases when a criminal investigation involving PTL began in June.

All those excesses, however, paled beside PTL's underlying corporate style. PTL ran, says one former executive, on a "theology of building." Recounts Harry Hargrave, a Dallas businessman recruited by Falwell to run the shattered organization: "Jim would build something here, and then he'd have to build something bigger to finish paying for this as well as the enlarged cash flow." That pyramid philosophy led Bakker from his first Heritage Village television studio in Charlotte to Heritage USA and, finally, to the 500-room Heritage Grand Hotel and its sister, the unfinished Heritage Towers. Bakker's ultimate fantasy was a \$100 million replication of London's Crystal Palace. A painting of that now canceled project still stands forlornly near the gilded piano in the lobby of the Heritage Grand Hotel.

Bakker's sense of vision was highly erratic as well as expensive. In 1977 he suddenly announced a push for a worldwide network of missions; months later he abandoned that project and broke ground for what was to become Heritage USA. In 1986 Bakker raised \$3 million in the span of a month to erect Kevin's House, an adjacent 14-bedroom home for handicapped children. Today only two youngsters live there, and federal investigators are wondering where the money went. The principal victims were PTL's "Lifetime Part-

ners," an estimated 120,000 heads of households who pledged \$1,000 or more in exchange for a lifetime guarantee of free hotel lodging. In the past two years, according to PTL officials, the ministry raised \$108 million through those time shares, but only \$54 million of that went for construction, with the rest paying debts or covering operating expenses.

Since taking over PTL, Falwell has instituted a substantial measure of corporate sobriety. Sales of lifetime partnerships at the Heritage hotels have ceased. A ten-member board, including several businessmen, closely monitors the ministry finances. A new accounting firm is digging through the ruins of PTL's finances, preparing a comprehensive reorganization plan to be presented

preacher and his wife Macel are making payments with interest to the ministry on an 1834 dairy farmhouse, purchased in 1980 for \$160,000 and given to his church. The televangelist's Thomas Road Baptist Church pays the household utilities, as well as health and life insurance. Falwell drives around Lynchburg in a four-wheel-drive GMC truck and boards a small jet for out-of-town trips.

Like most of the other major televangelists, Falwell is not a member of the Evangelical Council for Financial Accountability, a Washington-based group with 376 members. The council was set up in 1979 to enforce a not terribly rigid ethics code for independent Protestant fund raisers; Billy Graham is a member. The group insists that the boards of its minis-



View of the water park at PTL's Heritage USA in Fort Mill, S.C.: a Christian entertainment colossus

in federal bankruptcy court this fall.

The rectitude that Falwell is administering at PTL has spilled over into his own Lynchburg ministry. Last month the organization published a rare 16-page report that included a succinct two-page financial summary. For the year ending June 1986, the document noted, ministry revenues totaled \$84.1 million and expenses ran to \$82.9 million. Total assets were valued at \$91.5 million, while liabilities totted up to \$56.5 million. However, Falwell would provide TIME with no audited, detailed financial statements for the ministry.

Falwell has been relatively forthcoming about his income. He earns \$100,000 annually, with unspecified additional income from speaking engagements (he receives about \$5,000 an appearance, and makes a dozen or so each year). No other members of his family work in the ministry. Falwell recently received a \$1 million advance from Simon & Schuster for his autobiography; the first draft was completed in June. The

tries cannot have a majority of family members or insiders and that they must release audited financial statements. Falwell left the organization in 1983. He can at least claim to be responsible to a nine-member board of outside businessmen who serve without remuneration. One of them is Texas Wheeler-Dealer Nelson Bunker Hunt, whose family currently faces a \$1.4 billion bankruptcy proceeding.

Aside from PTL, few ministries produce more controversy than the television empire of Louisiana's pugnacious Jimmy Swaggart. It was Swaggart who prodded his denomination, the Assemblies of God, into defrocking Bakker. The bayou spellbinder boasts the highest U.S. ratings for a televangelist, and his shows are broadcast by 3,200 stations in 145 countries. Swaggart has lately provided journalists with audited financial statements of his ministry for 1984 and 1985, and this month an unaudited two-page financial report went out to donors, with pie charts showing the ministry's income and outgo. Just how much of the Swaggart financial

story is told in the reports is hard to determine.

Swaggart is frank about his powers as head of Jimmy Swaggart Ministries. "The board does not run these organizations," he says. "Legally it has the final say. If it said, 'No, you can't build a Bible college,' I couldn't build one. But you know what I'd do? I'd fire the board, because I'm the spiritual head of this organization. It can't run without me." Swaggart's board is unlikely to rebel. It consists of himself, Wife Frances, Son Donnie, Daughter-in-Law Debbie, Ministry Lawyer William Treeby and four clergy chums. Swaggart says he is accountable to his denomination, the Assemblies of God, and provides it with audited financial rundowns.

The Swaggart organization has been involved in several convoluted legal disputes. Among the charges leveled against

of CBN, the network headed by Pat Robertson. In a four-page document, the organization listed revenues for the year ending March 31 at \$182.8 million. Of the revenues, 74% came from donations and most of the rest from Robertson's for-profit, 36.7 million-household cable-TV network. Robertson refused to release full, audited financial records of his operations to TIME, claiming that he needs financial secrecy to compete with the HBO cable network (owned by Time Inc.). Robertson's board consists of himself, his wife Dede and three close associates.

**R**obertson reported a 1986 salary of \$60,000, which he donated back to CBN, and a \$104,000 payment covering 1985-87 as a "consultant" to his commercial network. He gets unspecified book royalties and speaker

fees. In terms of life-style, Oral Roberts is not in the Bakker class. Nonetheless, he has the use of two houses worth \$2.9 million, owns a \$553,000 home and appears to get whatever other perks he wants. Roberts told an audience last month that he had raised more than \$1 billion in his career and "kept less than one-tenth of 1% of all the money." The Roberts association has a nine-member board, including three family members.

Of all the major televangelists, Robert Schuller has the smallest operation, limited basically to weekly broadcasts from the cavernous Crystal Cathedral. The perpetually upbeat preacher and his staff refused for weeks to cooperate with TIME in disclosing finances, but last week stated that the ministry had 1986 operating revenues of \$35 million and expenses of \$31 million.

Schuller looks out for the interests of his family: eight members are on the payroll. Among them is his wife Arvela, who is executive program director of the *Hour of Power*; she is secretary of the 20-member Robert Schuller Ministries board. Her salary: \$50,000. Schuller gets a salary of \$80,000 and tax-exempt housing allowances of \$43,500. The couple owns one home and three condos, and the ministry has extensive real estate holdings. Schuller draws no royalties from books and tapes sold by his ministry, but royalties from commercial book sales have garnered him some \$2 million in the past 25 years.

Nothing, including the PTL scandal, seems about to change televangelism's practice of financially secretive one-man rule. None of the current crop of big-time TV preachers seem eager to follow the example of the most famous of modern evangelists, Billy Graham, who still gets the highest TV ratings of any preacher for his occasional prime-time crusades. Decades ago Graham pioneered a cleanliness campaign among evangelists by taking a straight salary (currently \$59,100, plus housing allowance and expenses) rather than living off unaudited gifts. Graham led the way in giving control of his ministry to an independent board of businessmen and in issuing audited financial statements. Donations to pay for Graham's TV crusades and other forms of evangelism are holding about even with last year's \$66.6 million.

Short of government intervention, which no religious denomination welcomes, the probity of the major TV preaching empires will continue to rest with the character and personality of their leaders. Still, none of the other important figures shows any signs of being as perplexing, as grandiose or as misguided as Jim Bakker, who now says that "if God ever lets me resume television, I hope that I will be able to do it differently." Supporters of America's other video evangelists can only hope that they will never hear their spiritual leaders ask for the same kind of second chance.

—By Richard N. Ostling,  
Reported by Barbara Dolan/Baton Rouge and  
Michael Riley/Fort Mill



where mismanagement reached epic heights and operations ran on a literal wing and a prayer

Swaggart over the years, the most serious was a 1983 accusation that contributions to a children's aid fund went for other purposes. The operation was undoubtedly sloppy, since money raised went into the general fund, and only after 1984 did the outflow of children's aid match the \$21.8 million in donations.

Jimmy Swaggart Ministries is a family business, with 17 relatives on the payroll. Jimmy is paid \$86,000 annually. Frances and Donnie reportedly receive more than \$50,000 each. In 1985 the Swaggarts borrowed \$2 million from the ministry to build three luxurious homes in a wealthy Baton Rouge subdivision. They have use of a \$250,000 ministry "retreat" in California and say that such luxury items as twin Lincoln Town Cars and handsomely furnished offices come from donors. Swaggart is a hot-selling gospel singer and pianist, but says he takes no royalties on the records his ministry sells.

Hundreds of miles from Baton Rouge, in Virginia Beach, Va., the PTL scandal prompted a historic event: the first summary of finances ever issued to supporters

fees, lives in a handsome CBN-built mansion in Virginia Beach worth an estimated \$400,000 or more (though he personally paid \$200,000 toward the construction and underwrote the nearby horse stables), and drives a Ford Bronco that the ministry provides.

Along among the big-time televangelists, Oral Roberts makes not even a token effort at financial openness. Only a handful of people know how donations to the cause are used. But according to an investigation by the daily *Tulsa Tribune*, revenues in Roberts' evangelical empire have been on a steady downward spiral: from \$88 million in 1980 to \$55 million in 1986. Roberts has told close friends that he desperately wants to keep open his costly and largely vacant City of Faith Hospital, even though he is shopping for another organization to run it. His son and fellow preacher Richard Roberts said this month that the hospital is breaking even: the facility was said to have lost \$11 million in 1986. The Roberts clan claims that monthly ministry revenues have begun to rebound from their \$3 million April and May low.

# The Rise and Fall of "Holy Joe"

*How Jim Bakker, flush with donated cash, became a born-again disaster*



Don Hardister, who was then Jim Bakker's bodyguard, still recalls the day four years ago when the televangelist suddenly asked him to turn down a dirt road near the PTL studio in Fort Mill, S.C. When they reached a clearing, Bakker jumped out, grabbed a stick and began sketching in the dirt his vision for the Heritage Grand Hotel. The evangelist was ecstatic, Hardister remembers. "He said, 'I feel like God gave me the plan to do it and pay for it. We're going to do it with cash.'" Hardister believed every word. Bakker was a visionary. The commands came from God. And the visions kept coming true.

Hardister finally turned his back on Bakker last June, three months after the scandals that enveloped the Bakkers came to light. Later, when a former PTL executive called him to recount a homosexual experience with Bakker, Hardister, who is now a PTL spokesman, was horrified. Says he: "I couldn't stand it anymore. Speaking about it almost makes me physically sick."

Like so many former Bakker aides, he is still trying to figure out what went wrong with the preacher who fancied himself the deserving child of a generous King of Heaven. With boyish charm and driving ambition, Bakker was a self-described combination of Johnny Carson and Walt Disney, who had propelled himself to fame and a multimillion-dollar fortune in an astonishingly short span of time. But somewhere the baby-faced preacher lost his way. Says Robert Whyley, audio director for the PTL network: "I think Jim was called by God. I think he was gifted by God. But he just veered into the ozone."

If Jim Bakker began with holy intentions, he eventually fell victim to his own substantial ego. Bolstered by adoring crowds and flush with donated cash, the evangelist lost sight of the Christian message he preached. The more PTL prospered, the more, apparently, the preacher believed he could do no wrong. Until, through a combination of mismanagement, cupidity and earthly temptation, disaster finally struck.

James Orson Bakker was born in January 1940 in the small foundry town of Muskegon, Mich. The son of a piston-ring machinist, he was the youngest of four in a conservative family that attended the local Assemblies of God gathering each

Thursday and twice on Sunday. Drinking, dancing and going to movies were forbidden in the Bakker household. Jim's brother Norman, now 53, still remembers his father Raleigh's horror when he and his wife Dorothy attended their first movie. A 1953 documentary on the life of Martin Luther: "He just about disowned us," recalls Norman.

Born five weeks prematurely, Bakker

suffered a broken collarbone, several cracked ribs and a ruptured lung. Bakker considered the boy's survival to be a miracle, and that caused him to be born again as a Christian. As Bakker put it in *Move That Mountain!*, "At that moment Jesus became the only thing in my life."

Bakker attended the North Central Bible College in Minneapolis in 1959 and quickly earned the nickname "Holy Joe"

for his all-night prayer sessions in the basement of the school. "He kind of projected himself as though he was very spiritual. It's like almost winning God's approval," says Robert Cilke, Bakker's roommate, best man at his wedding and now a pastor in Minneapolis. "I felt at times he had gone a little haywire." Bakker's ostentatious piety, however, would one day become a trademark of his ministry.

Bakker was ordained in 1964 by the Assemblies of God and soon brought a new twist to the Assemblies' Pentecostal theology. He became one of the first preachers to stumble upon the seductive mix of television, the gospel of prosperity through prayer, and the notion of using the experiences of his own family as a kind of Christian soap opera on the tube. While some televangelists are apt to reject modern materialism, Bakker fully embraced it, treating wealth and success as the rewards of piety, and the Good Book as a guide to affluence. "It's important to recognize I didn't start out on a level of faith working with millions of dollars," he once wrote. "I started out by believing God for a newer car than

the one I was driving. I started out believing God for a nicer apartment than I had. Then I moved up."

Bakker met his wife-to-be in 1960 during his second year at North Central. Tammy Faye LaValley was a deeply religious, rather dowdy small-town girl at the time, he proposed on their third date. "Even without makeup, she was a little doll," he recalls. The oldest of eight children from a Pentecostal family in International Falls, Minn., Tammy had an even more modest upbringing than Jim; her family home had no indoor plumbing, and members used an outhouse and bathed in a galvanized tub. She considered both makeup and movies to be sinful and once threatened to leave home when her parents attended a showing of *The Ten Commandments*.

North Central forbade marriage be-



Deserving child of a generous King: at home in Gatlinburg

was always a small child. "We thought he'd be a midget," recalls Raleigh, 80, who lives with his wife Furnia, 80, at Heritage USA. Jim Bakker described himself as lonely and insecure in his 1976 autobiography, *Move That Mountain!* "I thought we lived in poverty," he wrote. "From ... my dilapidated jacket to my poor school grades, I became filled with deep-seated feelings of inferiority ... I was obsessed with popularity and would do almost anything to get it."

Church bored Bakker, and at an early age he chafed at the rigorous tenets of his Pentecostal upbringing. As he put it later, "God just didn't fit into my plans." One winter evening Bakker and his girlfriend slipped out of church for a cruise in his father's 1952 two-tone blue Cadillac. Returning to the church parking lot, he accidentally ran over a young boy, who



tween students during the school year, so the love-struck couple dropped out. Nearly penniless, they shopped for wedding rings at Woolworth's, replacing the tokens every so often when they turned green with tarnish. Jim and Tammy hit the road as itinerant evangelists and traveled through the mill towns of North Carolina in a used white Plymouth Valiant, staying with local pastors as they moved. In those early evangelizing years, the childlike couple earned little from their labors at spreading the Gospel to small congregations. But Bakker wanted more. If he was serving a king, he wanted the trappings of a king's favored son, and now, on earth. "God had primed us through the small things . . . we were ready to believe him for something bigger now!" Bakker wrote.

In 1965 Pat Robertson, then a pioneering television preacher, invited the Bakkers to join his struggling Christian Broadcasting Network. They launched the *Jim and Tammy Show*, originally a children's puppet theater featuring Susie Moppet and Allie Alligator as the exegeses of Christian allegories. The show was an instant hit, and while on the air Bakker learned a lesson that would change his life. It was Sunday night during a November telethon, and CBN was in trouble. Bakker took the studio stage. "We need \$10,000 a month or we'll be off the air," he pleaded, tears streaming down his face. "It's all over. Everything's gone. Christian television will be no more." The money started pouring in.

**W**hen CBN's *700 Club* was launched in 1966, Bakker and Robertson took turns as host of the show. But Bakker eventually balked at taking commands from Robertson and resigned in 1972. Jim and Tammy traveled to California, where they started the Trinity Broadcasting Systems with Paul and Jan Crouch, who now serve as network co-presidents. A struggle between Paul Crouch and Bakker for control of that company soon destroyed the partnership; Bakker resigned after only six months and vowed never to share power again.

In 1974 the Bakkers headed to Charlotte for a religious telethon and decided to stay. "People were saved by the hundreds, cancers dropped off bodies, and tumors vanished," boasted Bakker of his televangelist preaching there. An obsession with numbers spurred him to expand the scope of his PTL vision. Eventually he made that momentous turn down a dirt road. "It was all done on blind faith," explains "Uncle" Henry Harrison, 59, an announcer on the PTL show.

On camera Bakker, the father of two, displayed a disarming innocence and confessional style that most viewers found appealing. He held out the promise of

instant salvation, health and wealth, tailoring his message to the newfound affluence of the Sunbelt. But off camera Bakker was intensely shy and insecure, a melancholy man who once melted down his new wedding ring in a fit of jealousy over Tammy's flirtations with Country Singer Gary Paxton, among others, and presented it to her as a pendant. Despite flashes of compassion, Bakker displayed a deeply selfish streak. Jim Moss, a PTL executive vice president until he was fired in 1979 during one of many purges at PTL, recalls that each day after the Bakker television show "little old women wanted just to touch his hand, people who had given him their life savings. But he wouldn't give them the time of day."

By the late 1970s Bakker was inaccessible, shrouding himself behind body-

guards, closed-circuit cameras and a tight circle of loyalists who pandered to his whims. Several times a week he had the PTL television choir serenade him with *The Impossible Dream*. While Bakker protested in public that he found words like gosh and darn offensive, former PTL Vice President Sam Orender recalls that Bakker was a frequent peruser of *Playboy*. Another aide claims that shortly after threatening to fire employees who drank liquor, Bakker stocked the basement of his four-bedroom home with cases of Asti Spumante sparkling wine. Then, famously, the man who condemned the "sin of fornication" apparently found relief and revenge against Tammy with Jessica Hahn.



PTL's first family in 1977: treating wealth as a reward of piety

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Defrocked last May for his confessed tryst with Hahn and for alleged bisexuality, Bakker still refuses to admit any hypocrisy. But despite his denials, the

preacher who condemned homosexuals who "flaunt their perversion" apparently sought out sexual relationships with several different men. A former close aide to Bakker who still works at PTL told *TIME* that he had a homosexual relationship with Bakker from 1983 until last November. The man says the intimate sessions sometimes occurred in Bakker's posh studio office after the show, with the loyal and unsuspecting Hardister guarding the front door. The aide contends that he both feared for his job and succumbed to Bakker's charisma. The man says he often received calls at odd hours of the night to perform sexual favors for Bakker when Tammy was away from home, and he says Bakker considered their sexual relationship more of an escape from tension than an emotional affair. "To Bakker, being with a man was not like cheating or adultery," says the aide. "But he didn't like to talk about it much. We just did it."

**A**nother former PTL executive recalls a homosexual advance by Bakker in 1984 at Bakker's \$1.3 million Tega Cay, S.C., parsonage, where Bakker had asked the aide to give him a massage. As the aide performed that service, he claims, Bakker made an explicit pass. "I froze and staggered off toward the door," the man says, adding that Bakker called him last April and accused him of disclosing the incident to Televangelist Jerry Falwell. "He said, 'I'll put my hand on a stack of Bibles and swear you touched me first,'" the aide says.

In a stormy interview with *TIME* at his Gatlinburg, Tenn., home, Bakker and Tammy took offense at many of the questions about his personal and professional practices. "All you want is garbage! Jessica Hahn and garbage!" shouted Tammy at one point. "We all need to get our minds out of the gutter and get back to the word of God!" Bakker and his attorneys stopped halfway through the prearranged two-hour session. As the televangelist walked out of the room he was asked outright, "Have you ever committed a homosexual act?" Amid shouts from his angry supporters, Bakker replied, "No."

For old friends, like his college roommate Robert Cilke, the Bakker charisma has long worn off. "I wonder if Jim even has a conscience anymore," Cilke muses. The same thought crossed the minds of some of Bakker's trusted aides one day in 1985, when the preacher called a staff meeting in his luxurious dressing room after the regular weekday PTL show. Taking off his shoes and socks, Bakker stretched his legs onto a glass table and demanded a foot rub. A PTL vice president humbly obliged. "It was a humiliating request," says an aide who was present. "How could Bakker forget that Jesus washed the feet of his disciples?" — *By Jon D. Hull/Gatlinburg*



## Science

### Tempest over the *Titanic*

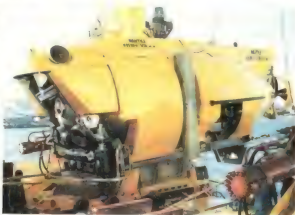
France's expedition sparks an angry outcry in the U.S.

"I am furious with these thieves in the night. They are grave robbers, pirates and turncoats." So said John Hollis, spokesman for the Titanic Historical Society, last week as the French research ship *Nadir* steamed close to the resting place of the great ocean liner, some 350 miles southeast of Newfoundland. The *Nadir*'s mission: a 54-day expedition mounted by the French Institute for Research and Exploitation of the Sea (IFREMER) to salvage treasures from the wreck of the ship. The news was received angrily by some. Declared Republican Senator Lowell Weicker of Connecticut: "It's a shame that what is both a monument and a tomb is to be desecrated by the French."

Last summer a team of experts from the Woods Hole Oceanographic Institution, led by Marine Geologist Robert Ballard, completed their historic exploration of the *Titanic*. Since then, Ballard has argued that salvagers bringing up treasure would insult the memory of the 1,500 passengers and crew who died when the liner went down in 1912 after hitting an iceberg. At Ballard's urging and with Weicker's sponsorship, Congress passed a law last year declaring the *Titanic* an underwater memorial and making it illegal to "alter, disturb, or salvage" any part of the ship. The *Titanic*, however, lies in international waters, where the U.S. has no jurisdiction, and Ballard's sentiment carried little weight with the French.

"We don't see why the *Titanic* should be classified as a memorial," says Bruno Chomel de Varagnes, who directs the IFREMER expedition. "You could make the same argument about opening the Egyptian pyramids. It would mean an end to all archaeological research." Ironically, it was IFREMER that helped Ballard's Woods Hole team locate the ship in nearly 2½ miles of water in September 1985. Less than a year later, Ballard returned with the deep-sea submersible *Alvin* and its tethered robot Jason Jr. to take the first close look at the ship in 74 years.

The French researchers had been invited to participate last summer, but had



The French research submersible *Nautilus* aboard the mother ship *Nadir*. A vow that artifacts will be put on public display or in a museum.

been forced to turn down the offer. Reason: unlike the Woods Hole team, which is largely financed by the U.S. Government, IFREMER depends partly on private funding and could not find enough sponsors. The French had counted on profiting from the 1985 expedition by selling videotapes and photographs of the wreck, but Woods Hole gave the pictures away for free. "We lost a lot of money," says Chomel de Varagnes.

IFREMER subsequently agreed to a settlement with Woods Hole. Earlier this year the French were approached by Ocean Research Exploration, Ltd., a British-registered consortium of investors willing to pay more than \$2 million to re-

cover objects from the *Titanic*. IFREMER snapped up the job—on the condition that any artifacts brought up would be displayed in an exhibition or placed in a museum and would not be sold.

A potentially profitable video of the French operation, however, is in the works by Westgate Productions, the North Hollywood outfit that filmed Gerald Rivera's much ridiculed opening of Al Capone's "vault" on live television. There is little chance that the IFREMER search will end in such embarrassment. While the French might fail to recover anything from the wreck, last year's expedition proved that plenty is there, including such items of historical value as china, wine bottles and ship's hardware. The safe is a prime target, although some survivors believe all the valuables were removed before the liner sank.

The French certainly have the scientific expertise to pull off the mission. Their minibus, the *Nautilus*, is as technologically advanced as the *Alvin*. Its three-man crew can operate for up to 130 hours at depths of 3.5 miles; *Nautilus*'s complement of instruments includes television cameras and two remote manipulator arms that can pluck objects from the sea floor and place them in a carrying basket. Says Chris Van All, the Woods Hole engineer who led the team that designed Jason Jr.: "These people are tops." Nonetheless, he acknowledged that Woods Hole has a different philosophy. "We are working on the idea of telepresence—projecting the soul of the bottom of the ocean. To bring up artifacts and treasures is the exact antithesis of what our system was developed for."

After U.S. lawmakers declared the *Titanic* off limits to would-be salvagers, Washington made diplomatic inquiries abroad about drawing up an international treaty along the same lines. Neither the French nor the British, though, were interested. Says Chomel de Varagnes: "I can understand Ballard's point of view. It's romantic and has its nobility." But, he adds, objects on the sea floor are deteriorating quickly, and the "best memorial that can be made for the *Titanic* is to put them in a museum so that everyone can see them."

—By Michael D. Lemonick,  
Reported by William Dowell/Paris  
and Lawrence Markin/Boston

### Dinosaur Eggs Unscrambled

Geologist Robert Young was exploring Wells Gulch in western Colorado last summer when he picked up what seemed to be an interesting rock. Some rock. It turned out to be part of a cache of what are probably the oldest dinosaur eggs ever discovered. Though now shattered, the 145 million-year-old eggs would have measured approximately 8 in. long and 3½ in. across.



Shell fragments

Young, whose find was announced last week, has no idea what species of dinosaur produced the eggs, but they may shed new light on nesting habits of the prehistoric beasts. Most dinosaurs, like modern reptiles, probably laid eggs, even though few nests have ever been unearthed. Young argues that the reptiles sought out isolated sites and used them repeatedly. Reason: he found shells in at least six layers of nests. Says Paleontologist Harley Armstrong of the Museum of Western Colorado: "This is a great detective story."

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# Medicine

## Bad Trips for the Doubly Troubled

*A new study offers hope for mentally ill drug users*

Tom had a problem: noisy upstairs neighbors. At first he would just stew, drink some beer and angrily throw chairs across his apartment living room. Then the burly, 26-year-old karate enthusiast bought an M-16 rifle and vowed "to fire a few rounds into the ceiling." Fortunately his father got wind of the scheme and put Tom (not his real name) in a psychiatric hospital. There, doctors learned that alcohol triggered his violent episodes. Tom is schizophrenic, and a single beer is enough to send him over the edge.

Tom is one of nearly a million Americans who suffer the double jeopardy of mental illness and chemical dependence. "Only in the past few years have mental health professionals realized how devastating the combination can be," says John Talbott, head of the psychiatry department at the University of Maryland and co-author of a study commissioned by the federal Alcohol, Drug Abuse and Mental Health Administration (ADAMHA) that will be released next week. Says Talbott: "There is no such thing as recreational drug use or a social drink for someone with a severe psychiatric illness."

The 150-page report reveals that mentally ill people who drink or use illegal drugs commit suicide at least twice as often as abstinent schizophrenics or manic depressives. Although these doubly cursed patients frequently show up in psychiatric hospitals and emergency rooms,

they are unlikely to get much help. "These are the troublemakers," says Talbott, "the ones that everyone has given up on." Thanks in part to the easy availability of street drugs and alcohol, this hard-core subgroup is rapidly growing. "Twenty-five years ago you didn't have this prob-



Putting things straight: Therapist Kathleen Sciacca and patient

lem, especially among the young," he notes.

The ADAMHA study discloses that at least 50% of the 1.5 million to 2 million Americans with chronic mental illness abuse illicit drugs or alcohol, compared with about 15% in the general population. It also reveals that the dual diagnosis virtually guarantees a hard fall through the cracks of the system. "Most mental health programs screen out people who have substance-abuse problems and send them

down the street," explains Julie Boynton, director of a six-month-old rehabilitation center in Los Angeles County that deals specifically with both conditions. "And the alcohol and drug programs won't take people who need medication to control their mental problems. So people get fragmented treatment if they get any at all."

Talbott and his co-authors conclude that mental illness and substance abuse must be treated concurrently. When that happens, preliminary data indicate, suicide

attempts and psychotic episodes rapidly decrease. Even so, there are no hard and fast rules for treatment. "Sometimes the chemical dependency is paramount, and you can't get to the psychiatric disorder until you come to grips with the addiction," says Dr. Robert Morse, director of addictive disorders services at the Mayo Clinic in Rochester, Minn., one of the few centers with an established track record. "Sometimes it's just the opposite."

Mental health officials are beginning to bow to pressure from parents and medical professionals to create programs tailored for drug-dependent mentally ill youngsters. "There's been a tremendous grass-roots campaign to convince the mental health bureaucracy of the problem," says Kathleen Sciacca, a substance-abuse coordinator at Harlem Valley Psychiatric Center in New York. Indeed, this fall the National Institute of Mental Health plans to fund 13 pilot treatment programs. Says Talbott: "We know what approaches are necessary to treat these people. We just need to use them."

—By Christine Gorman.  
Reported by Teresa Barker/Chicago and Cheryl Crooks/Los Angeles

## AIDS Panel Politics

Administration officials had assured friends and reporters that no gays would serve on Ronald Reagan's AIDS advisory commission. Thus conservatives and liberals alike were astonished last week when the President appointed Cancer Specialist Frank Lilly, an avowed homosexual, to the 13-member panel. Lilly, chairman of genetics at the Albert Einstein College of Medicine in New York City, holds doctorates in organic chemistry and biology and

has studied viruses similar to AIDS for 20 years.

Also appointed was John Cardinal O'Connor, Archbishop of New York, who outspokenly defends his church's teaching that homosexual acts are sinful. Dr.

W. Eugene Mayberry, chairman of the Mayo Clinic's board of governors, was named to head the commission's inquiry. Mayberry has confessed that he is "no AIDS expert." Indeed, the makeup of the commission struck many as a recipe for inaction rather than progress. Fumed AIDS Activist

Ann McFarren: "President Reagan's appointments are unconscionable." Reagan, however, defended his choices during a hospital tour and even held an AIDS-afflicted baby. "When it comes to stopping the spread

of AIDS," said he, "medicine and morality teach the same lessons."

The commission is expected to turn out a preliminary report on the dimensions of the AIDS epidemic in 90 days. Meanwhile, a study in the *New*

*England Journal of Medicine* reported that the drug AZT prevents patients with only a few symptoms of AIDS from fully developing the disorder. Says Co-Author Margaret Fischl of the University of Miami: "The next step will be to try the drug on people who test positive for the virus but have no symptoms."



Appointees Lilly and O'Connor

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# Ethics

## Breaking a Confidence

*When is it right to reveal an anonymous source?*

Few contracts are more inviolable than a reporter's pledge of confidentiality. Some journalists have even been willing to go to jail to protect that principle. But are there occasions when public interest demands that a news organization disclose the name of a confidential source?

After hearing Oliver North's testimony, *Newsweek* decided yes. North had justified the Administration's widespread deception of Congress by claiming that members often leaked sensitive information. When pressed for examples, he cited stories before the 1986 U.S. raid on Libya and ones detailing the 1985 interception of an Egyptian plane carrying the hijackers of the *Achille Lauro*. That prompted *Newsweek* to disclose one of the sources for its October 1985 cover story on the *Achille Lauro*. "Details of the interception," it noted, "were leaked by none other than North himself."

It was hardly a secret in Washington that North had provided information on many stories to a variety of news organizations, including *TIME*. "Ollie was the biggest leaker in this Administration," one official told the *Wall Street Journal*. But no publication had ever fingered him as the source for a specific story until *Newsweek* decided that his accusations against Congress warranted such a disclosure. "When a guy lies on national television, at that point you have to reassess the rules," said *Newsweek's* media writer Jonathan Alter. "Given these unusual circumstances, we felt an obligation to point out to our readers that North himself was a frequent source of Administration leaks," said Editor in Chief Richard Smith, who decided to run the story over



objections from the magazine's Washington bureau.

To many reporters who stake their livelihood on the trust of their sources, the precedent was worrisome. "If I gave somebody my word that I would not quote him or identify him, period," says former TV Correspondent Marvin Kalb, who is now director of Harvard's Center on the Press, Politics and Public Policy. "You can't eat off a source's plate and then later say you don't like the food," comments Investigative Reporter Sey-

mour Hersh. Chicago *Tribune* Washington Bureau Chief Nicholas Horrock, a former *Newsweek* correspondent, felt compelled to promise his reporters that the paper would never compromise their pledges of confidentiality. Said he: "It's a watershed change in policy to name your own sources. It's outrageous."

Part of the reason is practical: a news organization that breaks a confidence may find it more difficult to get information in the future. "Often the only way to get that sort of account is to promise anonymity," says one upset *Newsweek* Washington correspondent. There is also a legal reason: judges may be more likely to force a news organization to reveal a source if in the past it has made such disclosures voluntarily. "If a judge knows that a particular institution has been less than consistent, he could be influenced by that prior practice," says James Goodale, a New York City attorney.

But the widespread practice of granting sources anonymity has dangers of its own. It allows officials to manipulate the press without being held accountable. North's charge that Congress was responsible for leaks about the Libyan raid and the *Achille Lauro* had serious policy implications. It was also wrong: most stories about both events, including *TIME's* cover just before the Libyan raid, were based on Administration sources. Says Michael Gartner, editor of the Louisville *Courier-Journal*: "In this instance, where the source publicly accuses someone else of leaking a story for devious purposes, it's incumbent upon you to set the record straight."

Everette Dennis, executive director of New York's Gannett Center for Media Studies, agrees. "The standard ought always to be the public interest," he says. Yes, but the question is whether breaking the rules of confidentiality is the best way to achieve that standard.

—By Laurence Zuckerman.  
Reported by David Beckwith/Washington and Wayne Svraboda/New York

## Secret of a Success

Any bona fide psychologist would be challenged by the case of Sruily Blotnick. A celebrated author and columnist for *Forbes* magazine, Blotnick often appeared on national TV to discuss the secrets of career success. An exhaustive decades-long survey of 9,000 men and women supposedly formed the basis for Blotnick's five books, including *The Corporate Stepladder: Predictable Crises in a Business Career*, which a New York Times reviewer hailed as the "finest book I've read on ca-

reer management." But last week the New York *Daily News* exposed the self-described "business psychologist" as a fraud. Reporter Dan Collins revealed that Blotnick received his doctorate in psychology from an unaccredited correspondence school. The author's research is also under question. Blotnick, 46, claims to have begun his surveys in 1958. At that time he was a 17-year-old college freshman. Says Eleanor Singer, president of the American Association for Public



Author Sruily Blotnick

Opinion Research. "The kind of interviews he says he has done would not yield the kind of detailed, lengthy quotes that his books are made of."

Blotnick denies he engaged in fraud and says he never claimed his research was a scientific study. Nevertheless, *Forbes* has discontinued his column, and New York State is investigating whether he is guilty of falsely practicing psychology. How could Blotnick's excesses go unquestioned for so long? *Forbes* Editor James Mi-

chael admitted to Collins that he learned about Blotnick's mail-order degree a few years ago. The "Dr." was dropped from Blotnick's byline, but apparently no further questions were asked. Academics never challenged Blotnick because he was considered no more than a pop psychologist. His publishers gave his research little scrutiny: one still plans to release a paperback edition of a Blotnick book—pending verification of the research. Says Viking Penguin Executive Editor Gerald Howard: "Blotnick has some very good insights into the behavior of people in business that I continue to believe have an empirical basis."

## Sport

### The 1½-Ton Softball Machine

*Ohio's Men of Steele are the biggest and winningest hitters ever*

**T**hey seem more like candidates for the gridiron than the softball diamond, averaging 6 ft. 3 in. and 245 lbs. each. They are equally powerful, the most awesome group of hitters ever to play America's most popular participant team sport: slow-pitch softball, a pastime with some 38 million players and more than 200,000 organized teams. The fabulous Steele's, usually known as the Men of Steele, is a 14-man team based in Grafton, Ohio, that may be the winningest roster ever assembled in the 100-year history of softball. After games last week in Lima, Ohio, Boise, and Logan, Utah, the reigning champions of the U.S. Amateur Softball Association's (A.S.A.) Super Division had compiled a 235-9 record six months into their eight-month season. That included an unprecedented 97 wins in a row.

Even more boggling than the team's won-loss record is its ability to make softballs disappear over fences with amazing frequency. On a grueling schedule that usually involves playing two to four games a day or night, the Men of Steele have hit an all-time-high 4,472 homers—an average of 18.3 a game, or 3.1 for each inning of the team's usual five-inning contests, shortened from seven if they lead by more than 20 runs. Marvels Randy Adkins, pitcher for the Hamilton (Ohio) All-Stars: "If you pitch them high, they muscle it out. If you pitch them low, they golf it out. I've never seen such a strong bunch of ballplayers."

The individual slugging stats of the Steelemen might leave any major league manager breathless. The team's main attraction is Second Baseman Mike Macenko, 31, who is averaging a homer for every 2.2 at bats. Back on June 30, the 6-ft. 3-in., 260-lb. lefty swinger broke the all-time season record of 509 homers set

last year by his Steele teammate, Third Baseman Charles Wright. By last week Macenko had amassed 585 homers, along with 1,093 RBIs, also a season record. Earlier this year he hit nine homers in one game, and in another clubbed a shot that was tape-measured at 508 ft. With some

many jobs in sales or shipping, hold hitting clinics and tour the sports-equipment shows. Top stars like Macenko and Pitcher Craig Elliott earn extra royalties from sales of their autograph-model Steele's aluminum bats and gloves. It will cost \$550,000 to operate the Men this season, but, says Steele's president Dennis Helmig, "the team is the cornerstone of our sales effort. The more we win, the more we sell."

This year the Men are traveling—and winning—more than usual. They will log



Different strokes with similar results: Elliott, Macenko and Wright swinging for the fences

90 games still to go this year, he has a good chance to hit 756 homers in a single season. Macenko is not the only big bopper in the Steele lineup. Outfielder Doug Robertson, 28, has 454 homers so far this season. Outfielder Scott Virkux, 27, has 437. Even Shortstop Ron Parnell, 29, the lightweight on the team at 190 lbs., has 359.

The Men of Steele were created in 1979 as living, hulking billboards for Steele's Sports Co. of Grafton, a \$4.2 million softball- and baseball-equipment manufacturer. All Steele players are full-time company employees, making up to \$60,000 yearly; off-season they have com-

150,000 miles through 37 states and Canada, mostly by road, because the team's 230-game schedule has been expanded to about 330 games. Reason: the Men of Steele are the designated slow-pitch exhibition team of the A.S.A., marking the sport's centennial year. To honor that occasion, the Steelemen hope to bust even more fences than their usual in September, when they seek their third straight A.S.A. title, along with the championships of three other slow-pitch organizations, a grand slam never before accomplished. Says Team Manager Dave Neale: "I sure wouldn't bet against us."

—By Lee Griggs/Lima



Mattingly on the run

### Three for the Record Books

To most of his peers, Don Mattingly is the best player in major league baseball. Over a three-day span that ended last week, the 26-year-old first baseman for the New York Yankees dramatically showed why. The 1984 American League batting champion and 1985 Most Valuable Player-award winner, who already holds two big league records, suddenly stamped his name in the books three times.

First, on July 18, Mattingly tied former Pittsburgh Pirate Dale Long's 1956 major league mark by hitting home runs in eight straight games. His final consecutive four-bagger came in Arlington, Texas, during a 7-2 Yankee loss to the Rangers. The next night, an eighth-inning double gave the slugger at least one extra-base hit in ten straight games, a new A.L. mark, surpassing the nine-game standard set by Babe Ruth in 1921 (but still four short of the major league record set by the Pirates' Paul Waner in 1927). Playing with

a sore wrist on Monday, July 20, Mattingly went hitless. But he made 22 of a possible 27 putouts in the field, tying a record first set by Thomas Jones of the old St. Louis Browns back in 1906.

Despite a slow start and 18 games missed because of a back injury, Mattingly has raised his average to the .340 range. "I feel I get stronger and stronger as the season goes on," says the newest Bronx Bomber, whose No. 1 priority is helping his team into the playoffs. "I get in the groove and never really get out of it." Now that makes a hit record.

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# Books

## Two at Third, None at Second

THE BOYS OF WINTER by Wilfrid Sheed; Knopf, 280 pages; \$16.95

Harold Ross, the founding editor of *The New Yorker* and a man of steamroller opinions, once announced, "Nobody gives a damn about a writer or his problems except another writer." The facts do not always support this contention. Brandishing a novelist as its hero, *The World According to Garp* has sold millions of copies in hardcover and paperback, a few of them, presumably, snapped up by non-writers. But Ross had a point. Authors do turn up as heroes and heroines in a lot more fiction than do, say, plumbers or accountants. And why? One reason must be simple convenience. It is easier for writers to exploit an occupation they already know about than to find out, or make up, the humdrum details of another one.

Such self-indulgence is one of the running jokes in *The Boys of Winter*, Wilfrid Sheed's ninth novel and a satire whose principal target is its own existence. This is a book about writers who (like Sheed) live year-round in the Hamptons, an area on the eastern reaches of Long Island that is inundated each summer by a swarm of people, some of them rich and famous, seeking sun, surf and the fellowship of celebrity. It can be argued that these annual invasions of impression mongers—nonwintering writers, journalists, TV and Hollywood folk—have made the Hamptons, as far as public exposure is concerned, scorched earth. The less said about the subject from now on the better.

One person who believes this is Jonathan Oglethorpe, 40, an editor and junior partner in a Manhattan publishing firm. He keeps a house in the Hamptons because a number of his writers live there and require his frequent ministrations, polishing their prose and stroking their egos. But Jonathan is worried that his charges are running out of material: "They know they have abandoned huge quarries of experience by moving to the country; and they know further that this small area is overprospected already."

Jonathan does not have the means or authority to force these people to get away from Long Island and one another. He has grown weary of pampering prima donnas while believing "that I am better than all of them, only with the good taste not to put it in writing." So he conceals a "publisher's revenge" on the authors who keep him and his firm afloat: "I would like to show them who's got the royal blood around here, by beat-

ing them to the great regional book—roofing, siding, and all." In other words, a man bored to tears by novels about writers in the Hamptons decides to write yet another one and call it *The Boys of Winter*.

Before he lets Jonathan begin, Sheed inserts an author's note that sets the tone: "Great literature is, of course, timeless. This novel is set in 1978." The narrator picks up and regularly amplifies this note of self-deprecation. Anyone wishing to

find fault with this story will have to line up behind Oglethorpe, who is, after all, a beginner at the creative side of publishing and who admits that he is possibly doing things wrong: "Unlike real writers, I go at blinding speed, unaware of any difficulties, unshaken by malaise of the spirit. In fact, it seems ridiculously easy, and I marvel that people get paid for it."

Jonathan is nothing if not generous. Leaving aside episodic sex and drinking, he provides at least two full-blown plots. One is hinted at in the title, which echoes Sports writer Roger Kahn's well-known book on the old Brooklyn Dodgers, *The Boys of Summer*. This action involves a softball team, dreamed up in the dead,

dreary winter by the regular patrons, including Oglethorpe, at a Hamptons bar named Jimmy's and then brought to life and put through some melodramatic moments the next summer. The other plot concerns Waldo Spinks, a once acclaimed novelist whom Jonathan dislikes but still wants to recruit, on the off chance of squeezing out a best seller for his firm. It just so happens that Waldo does have a book to peddle: a novel about all the same people who appear in Jonathan's manuscript, including a "malignant publisher gradually destroying all the writers on the island, like elm blight." The real-life publisher is outraged: "I don't have to take this," he tells himself and his readers. But, on the other hand, he does.

The novel's main attraction is not what happens but Jonathan's breezy, wisecracking manner of relating it. Here is one of the denizens of Jimmy's: "Archie Munson has reclaimed our old group table and perches there like one of those toy birds who dips his beak into anything you put in front of it." When the writers and their wives or girlfriends show up for softball practice, Jonathan privately divides them into the Competents and the Disasters. The latter predominate: "Fielders scurry about as if they don't know where the hostess wants them to sit: two at third and none at second? That can't be right." The editor can even make the task of reading someone else's prose seem amusing: "I get a vague sense that this manuscript is too polished. If the author is this polished at 23, the cat is really gonna shine when he's 40."

Toward the end, Jonathan shows alarming signs of starting to take himself seriously. Fortunately, Sheed brings his creation around and ends the proceedings with a sly literary joke. *The Boys of Winter* may not put an end to Hamptons novels, but the next person to write one will have trouble keeping a straight face.

—By Paul Gray

### Excerpt

“When I succumbed to my own literary invisibility I wasn't even allowed to start out at the top of publishing, which is the least one can ask of such a profession, but had to do time cleaning up lesser men's messes, correcting their grammar and punctuation—and even this, not creatively, but according to some loathsome rule book.”

This was forged a hatred of writers. Every now and then I would be allowed to hop off my high stool and meet one of these godlike yahoos in the vestibule and I would want to scream “illiterate baboon!”



PHOTOGRAPH BY JEFFREY M. HARRIS

## Cinema



Tampopo (Miyamoto) faints at the sight of a new ingredient

### How the Noodle Was Won

TAMPOPO Directed and Written by Juzo Itami

**B**ravely, the widow and her son cling to their humble homestead, struggling to make a go of it in a harsh and unyielding landscape. Then one dark and stormy night, a tall, taciturn stranger, accompanied, of course, by his comical sidekick, rides up seeking food and shelter. Seeing at once that the hard-pressed widow lacks survival skills, the pair stay to set things right, routing evil and restoring order before heading off into the sunset.

Ah, yes, the classic western form. Well, not quite. For the setting is not the American Great Plains in the 19th century but an industrial wasteland in contemporary Tokyo. The widow's threatened property is not a ranch but a noodle restaurant. Her rescuer, despite his boots and ten-gallon hat, is not a cowboy but a Westernized truck driver.

Writer-Director Juzo Itami's satire on a great movie form is sly and subtle, and it provides a solid structure for his film. A winsome, unsentimental relationship develops between sweet, spunky Tampopo (Nobuko Miyamoto) and her naturally noble rescuer Goro (Tutomu Yamazaki) as he puts her through the stern retraining course that will make her not just the fastest but the chiest noodle slinger in the territory. But Itami's true subject is food. And not just the humble fare of Tampopo's ramen shop.

For man does not live by noodles alone—not nowadays, in the age of the international gourmet movement. Now that the world is our oyster, the oyster (among other formerly exotic viands) has become, for some of us, our world. And so Itami blithely skips away from Tampopo's place whenever his whimsical spirit moves him to show, in vignettes, how the basic drive

for nurture has been deliriously distorted. A group of Japanese businessmen all end up ordering the same item from a French menu because they are unable to understand its intricacies and equally unwilling to admit it: a group of yuppie women earnestly take a course in how to eat spaghetti without slurping; a master eater pontificates on the proper method of appreciating a bowl of soup as if it were a great work of music; a sad little boy wanders through a park wearing a sign his parents have hung around his neck warning strangers that he eats only natural foods and must not be given sweets or other snacks. A mother is roused from her deathbed to make one last meal for her family before succumbing. Needless to say, this final gift is consumed before mourning is permitted to begin.

A recurring figure in these diversions is a gangster wearing a perfectly cut white suit. He is all too aware of the connection between food and that other basic drive, sex, and he has a game-for-anything girlfriend with whom he shares a perfect orgasm as they pass a raw egg back and forth, from mouth to mouth. Rubbed out by a rival gang, he dies in her arms, murmuring of pork stuffed with yams.

Outrageous? Not more so than the prose of an overwrought restaurant critic. Or: maunderings of the neighbors down the block, just back from their gourmet tour of the Continent. And in its unpretentious acuity, *Tampopo* is a lot funnier. If Itami were a chef, he might rank with Escoffier; as a moviemaker, he certainly ranks with Preston Sturges as a deflator of middle-class pretensions. Compared with Itami, most contemporary comedy directors are just staging food fights.

—By Richard Schickel



If this bottle  
looks familiar  
at this distance,  
we congratulate you  
on your taste  
and perception.

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## Theater

# Bound For the U.S.A.

*London's season yields a lively crop of exports*

When American stage professionals head off to London for a busman's holiday of playgoing, the standard witicism is that they are getting a head start on the upcoming season back home. Britain, long a supplier of straight plays and now seemingly the only source of successful musicals, this past season exported shows that won twelve of Broadway's 19 Tony Awards. The current London season features seven works already announced for U.S. production; others are under consideration. In addition are the star-cast classics, adaptations of great novels, formula thrillers, trousersdown farces and sociopolitical dramas that make London during any summer week as richly varied a theatrical panoply as Broadway during an entire season.

Perhaps the most striking symbol of Britain's impact came in the West End opening last week of *Follies*, not so much a revival as a complete reconsideration of the 1971 Stephen Sondheim musical, set at a reunion of performers of Ziegfeld-style spectacles. The original version won five Tony Awards but lost nearly all its then awesome \$800,000 investment, and save for a 1985 Lincoln Center concert version, there has been no revival. The \$3 million-plus London production opened to bigger advance sales than *Cats*, *Les Misérables* or the current hottest ticket, *Phantom of the Opera*, according to Cameron Mackintosh, who produced them all. If it thrives, he envisions raising \$8 million to "help bring *Follies* back to Broadway, which created the traditions it celebrates"—a rare reverse transfer that would be welcome and yet, for Americans, a little humbling.

As a result of Mackintosh's invitation to Sondheim and Librettist James Goldman to "have a wee think" about revamping the show, the pair has come up with four new songs and a completely new book. According to a program note by the creators, "scarcely a line of dialogue remains from the original." The central story of two couples, old friends, who married the wrong partners used to end in nervous breakdowns for some of them; it now closes with self-understanding and at least hints of reconciliation. What felt in 1971 like a put-down of old-fashioned



Hail and farewell to a vanished musical style: McKenzie, Baron and Rigg in *Follies*

musicals for their saccharine irrelevance has evolved into an unabashed celebration of revolving multicolored staircases, grandes dames in glittery dresses and kick-stepping lines of chorus boys in top hats. One of the new numbers, performed deadpan by Diana Rigg, is a striptease ending in a bubble bath. The original *Follies* might have inspired the wisecrack that nostalgia isn't what it used to be, but in this version, it certainly is.

If what seemed groundbreaking in 1971 has become mainstream, even slightly dated, the reason is that *Follies* profoundly influenced much of what followed. The show remains at once a brilliant pastiche and a prescient farewell to a style of musical that became the most popular form of theater in history but that

no one seems willing or able to write anymore. The guts of the story, as in the first version, are plaintive solos for disillusioned women: *Broadway Baby*, in which an old show girl (Margaret Courtenay) recalls youthful struggles in a tinkly, ironic forerunner of *A Chorus Line's* *What I Did for Love*; *Who's That Woman?*, a realization by a brassy belter (Lynda Baron) of how age has crept up on her; *Could I Leave You?*, an outpouring of vitriol from a neglected wife (Rigg); *Losing My Mind*, the pathetic admissions of a suppliant lover (Julia McKenzie). Sondheim's best lyric ever is *I'm Still Here*, an anthem of survival that compresses four decades of social history into the battered but unrepentant cry of a faded star. It gets a show-stopping performance by Dolores Gray, who made her Broadway debut in 1944 and hasn't faded a bit. *Follies* seemed fragmented and vignettish in 1971, and still does. But the tinsel glitters like stardust, and the vignettes are often thrilling.

While *Follies* overshadows everything else on offer in London's commercial theater, it is only one of four musicals slated for the Great White Way. The others are *Chess*, a cynical and muddled narrative in which Sicilian openings and checkmates serve as metaphors for nuclear disaster; *Phantom*, a quasi-operatic retelling by Composer Andrew Lloyd Webber (*Evita*, *Cats*) of the much-filmed monster-meets-girl melodrama; and another revival from the heyday of the Broadway tunesmiths, Cole Porter's *Kiss Me, Kate*, in a consistently lively rendition by the Royal Shakespeare Company that nonetheless will need star qual-



Plummeting into madness: Burt in *Melvin*

ity recasting to prosper on Broadway.

In addition to musicals, the West End offers one surprise delight that is, rather, a play with music. *Up on the Roof* is a British cousin to *The Big Chill*, an unpretentious glimpse of the evolving bond among five friends at college graduation in 1975, a wedding in 1980 and a tenth reunion. They meet as members of an a cappella rock group and often break into semi-oldies song: the sweet, sentimental arrangements, unaccompanied by a band and therefore a realistic part of the action, aptly comment on their changing lives. The appealing cast, which helped write the show in improvisations, achieves the authentic small touches of camaraderie.

Among straight plays, the most off-beat, and best, is the Soviet drama *Sarcophagus*, written within two months after the Chernobyl disaster by Vladimir Gubaryev, science editor of *Pravda*. Set at a research hospital to which victims are sent, the narrative offers straightforward human interest yet also manages to incorporate medical and scientific debate and, impressively, a relentless political inquest into the shortcomings of the Soviet bureaucracy. The focal character is a Shakespearean fool (Nicholas Woodeson), a victim of a laboratory accident who has somehow survived for more than a year, prematurely aged and deformed, but in full use of his wits. Liberated by his status as a medical miracle and by the very fragility of his existence, he asks the questions no one else dares to and utters what others only think. His corrosive wit makes what could be a dreary preachment ferociously entertaining. *Sarcophagus* will receive its U.S. premiere in a different production in Los Angeles in September.

Two other new plays are slated for the U.S. *Breaking the Code*, a true story of an early computer genius whose career was wrecked by revelation of his homosexuality, is worth seeing primarily for the star turn of Derek Jacobi, who has left the role in London but will play it on Broadway. *Serious Money*, a scathing caricature of the London equivalent to Wall Street's insider-trading scandals by Caryl Churchill (*Cloud Nine*), seethes with energy but lacks the intellectual ambition of true satire. Instead of prompting a complacent audience to see its own sins portrayed, the drama settles for the lesser heights of propaganda, with actors and audiences congratulating each other on not being like these moneygrubbers. The central point—the presumed parallel between greed among young stock manipulators and the national mood that led to re-election for Prime Minister Margaret Thatcher—is provocative but unexplored.

Of London's dozen-plus other new plays, three clearly merit a U.S. transfer. Alan Ayckbourn has become known as the British Neil Simon for his string of popular comedies. But unlike Simon, whose work is becoming more generous and forgiving, Ayckbourn grows steadily more sour. In *A Small Family Business* he traces, far more convincingly than Churchill, the seem-

ly small steps by which a clan of furniture manufacturers turn into outright gangsters, all in the name of fiddling the tax-man, outdoing rival firms and one-upping one another. In *Melon*, Playwright Simon Gray seems to look back on two decades of his own urbane stage talk (*The Common Pursuit*, *Otherwise Engaged*) and reject that whole genre in favor of a messy, harrowing confrontation with life's inescapable realities: illness and death. The play's odd name is that of the title character, pitilessly enacted by Alan Bates as he swiftly plummets from domineering success to



Wide foolery: Woodeson in *Sarcophagus*

desperate schizophrenia. Risky and uncomfortable to watch, in both content and form *Melon* is a play of admirable daring.

Kenneth Branagh played Henry V for the R.S.C. two seasons ago at the astonishing age of 24 and won comparison to Laurence Olivier. Now Branagh has launched his own company and is starring in its first venture, which he also wrote, a Northern Ireland story called *Public Enemy*. If the title recalls the James Cagney gangster picture, it should. Branagh's story turns on the fact that he is a stunning Cagney look-alike, sound-alike and even dance-alike, having mastered the

loose-ankled, leg-crossing style of *Yankee Doodle Dandy*. The down-and-out youth he portrays, however, identifies more with Cagney the nihilist avenger. As this unemployed impersonator gets crazier and crazier, the violence of screen fantasy starts to merge with the equal mayhem of the everyday life around him. *Public Enemy* starts as a trick gilded with nostalgia. Without ever abandoning the initial conceit, it manages to sting the consciences of spectators, accusing them of shrugging off Belfast's epidemic killing as just someone else's insoluble problem.

Perhaps the aspect of London theater that makes Broadway denizens most envious is not the new work but the abundance of classic revivals. The West End currently features superb renditions of Chekhov's *The Three Sisters* and J.B. Priestley's metaphysical rumination *An Inspector Calls*, while the R.S.C. has been enjoying a solid *Romeo and Juliet* in modern dress and a soulful *Richard II* starring Jeremy Irons. Another Shakespeare play, *Antony and Cleopatra*, directed by Peter Hall, is simply the best show in London. With Anthony Hopkins' noble Roman to Judi Dench's imperious Egyptian, this is a magnificent staging, nearly four hours of nonstop action that gives spellbinding immediacy to political intrigue two millenniums old. In almost any other production, the cheers would surely resound for the Octavius of Tim Pigott-Smith, a very archetype of the smiling lethal pragmatist, or for the Lepidus of John Bluthal, a magnificent hack with keen survival instincts, or for the bluff, soldierly Enobarbus of Michael Bryant, who, in the play's most spectacular moment, evokes an entire great battle just by his eyes' fearful reaction to its distant lights and noise. But Hopkins and Dench so fully explore the admirable and pitiable central couple, their triumphs and dissipations and unconquerable wills, that they make the roles their own for a generation—and remind all who watch them of why Broadway views London with esteem and envy.

—By William A. Henry III



Smiles and lethal pragmatism: Pigott-Smith, Bluthal and Hopkins in *Antony and Cleopatra*

## Show Business

### Daytime's Steamy New Soap

Joan Collins wins her case against Husband No. 4

**D**abbing tears from her eyes, Joan Collins was the perfect picture of the wronged woman. "I never met a man yet who was able to take care of me," she said sadly. "I've been taken advantage of by men since I was 20." Then, staring across the courtroom at her estranged husband, she added, "Men have a tendency to change when they get married." Collins was not rehearsing *Dynasty*, but the lines she spoke last week sounded as if they came from a soap opera—*The Bold and the Beautiful*, perhaps.

The beautiful was, of course, Collins, who at 54 can still turn a few heads. In fact, the 45-seat courtroom was not big enough for the many reporters. European as well as American, who wanted to cover the best show in town, and crowds gathered outside the door to watch the drama on TV monitors. In many newspapers and on some TV news shows, it threatened to upstage the *Francis* hearings.

The bold was Husband No. 4 Peter Holm, 40, a onetime Swedish pop star who, after being kicked out of their former home, picketed Collins in protest. **JOAN, YOU HAVE OUR \$2.5 MILLION, 13,000-SQ.-FT. HOME WHICH WE BOUGHT FOR CASH DURING OUR MARRIAGE, read his long-winded placard. I AM NOW HOMELESS, HELP!**



Holm picketing his estranged wife before the trial

As part of the divorce settlement, Holm expected about a million dollars, along with \$80,000 a month in temporary support, including \$16,500 for rent, \$12,000 for clothing and accessories, \$6,000 for entertainment, \$7,000 for household help and \$4,000 for travel. "Peter just broke down what they spent in the marriage, \$160,000 a month, and divided it in two," explained Holm's lawyer, Frank Steinschreiber. "They lived a lifestyle you'd expect Joan Collins to have."

The lady's calculations resulted in a different conclusion. She said she married Holm, her live-in lover for 2½ years, only

so he would not feel like a dog trailing behind her. Even so, Collins testified, she had made him sign a prenuptial agreement giving him only 20% of her earnings during their marriage and nothing more in case of divorce. Not so, answered Holm. He claimed the document merely signified their mutual respect.

At the end of the third day, Collins' lawyer, well-known Palimony Specialist Marvin Mitchellson, brought in a pretty scene stealer: Romina Danielson, 23, an Italian-Iranian who said she had been Holm's lover through much of his 13-month marriage to Collins. While Collins glowered, Danielson testified that Holm had called her "my little passion flower" and had murmured, "You're not only sexy but young." Having divulged her story, the little passion flower suddenly wilted and fell to the floor, sobbing uncontrollably. Denying her tale as "absolute rubbish,"

Holm said he still loved Collins and hoped for a reconciliation.

At week's end Judge Earl F. Riley rang down the curtain on that possibility, ruling that the prenuptial agreement was valid: Collins won her point. (Riley will take up the issue of temporary support in August.) "I'm very sorry it had to end like this," said Collins. "I'm very happy justice has been done." What would she expect in another relationship? she was asked. "Freedom, thank you very much," she replied. "Complete freedom from all entanglements."

—By Gerald Clarke.

Reported by Elaine Dutka/Los Angeles

### Milestones

**ENGAGED.** Lisa Birnbach, 30, pop sociologist and trend-conscious editor (*The Official Preppy Handbook*); and Steven Haft, 37, independent television and film producer (*Beyond Therapy*). A September wedding in New York City is planned.

**SUSPENDED.** Amy Carter, 19, daughter of former President Jimmy Carter: from Brown University, where she was a sophomore. Reason given: poor grades. Last April, Amy and 14 others were acquitted of charges stemming from an anti-CIA protest held the previous November at the University of Massachusetts in Amherst. Brown officials say suspended students may normally reapply in one year. Her family's comment: "Her parents have always supported her and continue to."

**RESIGNED.** William Sloane Coffin Jr., 63, clergyman and fiery social activist: from his position as senior minister of New York City's interdenominational Riverside Church, where he served for the past

ten years. Best known for his vociferous opposition to the Viet Nam War, he was indicted in 1968 for collecting draft cards and presenting them to the Justice Department. Coffin will become president of SANE/FREEZE, a Washington-based disarmament group, on Jan. 1.

**RECOVERING.** Harry A. Blackmun, 78, Associate Justice of the Supreme Court: from hernia surgery; in Rochester, Minn. An outpatient at the Mayo Clinic, Blackmun, who had his prostate gland removed ten years ago, is being treated for a cancer recurrence, and is expected to resume work when the court convenes this fall.

**DIED.** Malcolm Baldrige, 64, U.S. Secretary of Commerce: one of the three remaining members of President Reagan's original Cabinet; of severe internal bleeding after his horse reared and fell on him while he attempted to rope a steer; during surgery at John Muir Hospital in Walnut Creek, Calif. A graduate of Yale, successful busi-

nessman and rodeo buff who was inducted into the Cowboy Hall of Fame in 1984. Baldrige made news earlier this year by pressing for stiff tariffs against Japanese electronic products during trade tensions with Tokyo over semiconductors.

**DIED.** Richard Egan, 65, rugged leading man who appeared in more than 30 films: usually in heroic roles (*The Damned Don't Cry*; *Demetrius and the Gladiators*; *Love Me Tender*); of prostate cancer; in Santa Monica, Calif. Egan also played the patriarch Samuel Clegg II in the television soap *Capitol* (1982-87).

**DIED.** Jacob Merrill Kaplan, 95, self-made entrepreneur who used the fortune he acquired as president of the Welch Grape Juice Co. to set up the J.M. Kaplan Fund, which for four decades has spread largesse among such beneficiaries as Manhattan's Carnegie Hall, the New School for Social Research and the National Coalition for the Homeless: in New York City.

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## People



A preening pride of felines: original members of the New York production of *Cats* celebrating the show's 2,000th performance at the Winter Garden

The numbers are sweet enough to make a producer purr. Since its American debut at Manhattan's Winter Garden theater on Oct. 7, 1982, *Cats* has lapped up \$100 million at the box office, snagged seven Tonys and spawned four U.S. touring companies, and the original London production is still running. And the moon that shines over **Andrew**

**Lloyd Webber's** adaptation of *T.S. Eliot's Old Possum's Book of Practical Cats* shows no sign of dimming. Last week the current cast of the Broadway smash marked the play's 2,000th performance with a frosted-cake replica of the *Playbill* program cover and 2,000 long-stemmed yellow flowers. The show was dedicated to **Kevin Marcum**, a *Cats*

alumnus who left the show a year ago and died from an undetermined cause earlier in the week, shortly before he was to take over the lead role in another big hit musical, *Les Misérables*. **Anna McNeely**, one of six original cast members still with the show, dons her tail and fur every night to play *Jennyanydots*, a motherly pussy who looks after her brood. McNeely attributes the musical's enduring popularity to the legions of cat lovers and the fact that audiences "don't have to think about the plot. They can be wowed by the special effects." Or just meow along.

alike contest. This year's spitting image is **Jack Waterbury**, 57, a former Eastern Air Lines pilot who now charts his sailboat locally and who "got hooked on *The Old Man and the Sea* when I was young." Two years ago he was a runner-up, but after growing a beard, he captured the prizes: a case of J&B Scotch, a T shirt, a free dinner, a ride in a biplane and half a day of deep-sea fishing—presumably on somebody else's boat. Waterbury is keeping the beard, he says, "in case Hollywood calls."



Waterbury: Papa don't preach

"I'd rather eat monkey manure than die in Key West."



Dreamgirl: Winner Seawright and mother

party, an arm-wrestling match, a play presented by the author's niece **Hilary Hemingway**, a short-story competition judged by one of his granddaughters, **Lorian Hemingway**, and a Papa Hemingway look-

competition was her weakest event ("I just wanted to run off the stage"), she more than compensated in the talent department. Her stunning adaptation of a Jeffrey Osborne song, *I'm Going All the Way*,



won over the judges and drew an ovation from the audience at the Vicksburg Municipal Auditorium. Seawright, who hopes to go all the way at the Miss America contest in Atlantic City in September, represents suggestions that race may have been a factor in her victory. "I want everybody to realize I didn't win because I'm black, but because I was the best," she said at a postcontest press conference. She is also adamant about downplaying comparisons to **Vanessa Williams**, the black Miss America who was stripped of her crown in 1984 because she appeared nude in *Penthouse* magazine. Observes Seawright: "Even though Vanessa Williams and I are of the same race, we are not of the same creed. We are two different people with different morals."

"Don't buy the garbage that you're over the hill at 50," warns **Molly Yard**, and she speaks with authority. In Philadelphia last week, the septuagenarian political activist was celebrating her election as president of the 150,000-member National Organization for Women. Yard was born to Methodist missionary parents in Shanghai, and her experiences growing up in China's sexist society helped forge her lifelong commitment to feminism. At the top of her agenda: defeating the Supreme Court nomination of Judge **Robert Bork**, promoting women candidates in the 1988 elections and picketing the Vatican embassy in Washington next month to protest traditional moral teachings of the Roman Catholic Church. For relaxation, Yard enjoys mountain climbing with her husband of 48 years, Labor Arbitrator Sylvester Garrett, or playing with four grandchildren. While militantly young at heart, Yard refuses to reveal her exact age. "This country makes such a big thing about age, particularly if you're a woman," she explains. "What I think is relevant is your experience, what you have to offer. I hope people will recognize that and keep going."

He spends his days puttering about his Cambridge, Mass., home, taking his grand-

children to see the Red Sox and catching up on his golf game. "I miss the House, and I miss making decisions," admits retired Speaker of the House **Tip O'Neill**, 74. But while he has left political life, O'Neill is still capable of making waves. The outspoken Irishman was again the talk of the Hill last week as the Boston *Herald* published advance excerpts from his memoirs, *Man of the House*, due in September. "I never talk about the social and personal life of people," he



Yard: age of enlightenment

explains. "I wrote about political stories and behind-the-scenes maneuvering. I call them as I see them."

Reflecting on his 35 years of public service, O'Neill discloses his "skepticism" that **John F. Kennedy** was killed by a single gunman, attributes Iranscam to Administration officials who "were willing to do almost anything to bring the hostages home" before the 1986 mid-term elections, and says that he believes the FBI tried to set him up in the 1979 Abscam sting. A seasoned observer of Presidents, he makes less-than-flattering assessments of **Lyndon Johnson** ("He could talk a bone away from a dog"), **Richard Nixon** ("A brilliant man [who had] a quirk in his personality that made him suspicious of everybody"), and **Jimmy Carter** ("Talent [alone] isn't enough"), as well as **Robert F. Kennedy** ("I never really liked him. To me he was a self-important upstart and a know-it-all") and **Oliver North** ("like the autumn leaves, he'll fade by October"). O'Neill's most cutting remarks, though, are reserved for his old nemesis, **Ronald Reagan**. "It was sinful that Ronald Reagan ever became President," he asserts. "He wasn't without leader-

ship ability, but he lacked most of the management skills that a President needs. But let me give him his due: he would have made a hell of a King."

"I think she's more beautiful than I ever was," says **Raquel Welch**, 46, of her daughter **Tahnee**, 26. Indeed, anyone who saw the budding actress shed her clothes and then her human skin in 1985's *Cocoon* would remember the face.

Soon Tahnee, who is named after her paternal grandmother, will get additional exposure during a love scene opposite Actor **John Saxon** in an episode of TV's *Falcon Crest*. Meanwhile, Raquel has decided to downplay her own good looks for a chance "to sink my teeth into a juicy dramatic role." This fall she will star in *Right to Die*, an NBC-TV movie about a psychologist suffering from the degenerative muscular syndrome known as Lou Gehrig's disease. The role required Raquel to undergo progressive applications of makeup as the character's body slowly deteriorates. "I'd have to sit down in a makeup chair for an hour and a half each day and be completely degenerated," she reports. "I was interested in doing something where I didn't have the crutch of being or looking glamorous." Fine, but that's one handicap most women would be happy to suffer from.

—By Gay D. Garcia.  
Reported by David E. Thigpen and William Tynan/New York



A transformed Raquel; Tahnee



Power hitter: O'Neill and grandchildren cheering on the home team

# Language/Lingvo

## The Hope of Esperanto

*A made-up tongue celebrates its centenary*

In 1887 Ludovic Zamenhof, a multilingual Polish oculist, published a book introducing a new language under the pseudonym Dr. Esperanto, meaning "one who hopes." Zamenhof fervently wished that his invented tongue would become the world's second language. Although that hope is still unrealized, nearly 6,000 zealous Esperantists—the largest gathering ever—from as far away as Japan and Brazil are in Warsaw this week to honor Zamenhof on the occasion of the 100th birthday of his language. They are doing so with a variety of events, all in Esperanto, plus a visit to Zamenhof's hometown of Bialystok.

Many people assume that Esperanto is a dying language, a verbal experiment that has simply not worked out. In fact, Esperantists can be found all around the world. Estimates of their total number vary widely, from 1 million to 8 million or more. Marjorie Duncan, 65, a retired Sydney, Australia, schoolteacher, believes the movement needs more young people. But, she says, they would "rather drive cars or go surfing."

At a glance, Esperanto seems simple enough. It has only 16 easily memorized rules of grammar—no exceptions—and a basic vocabulary built from mostly Indo-European roots. Experts claim that virtually anyone can learn Esperanto in 100 hours or less. But for some, numerous suffixes and prefixes may complicate matters. Accents always fall on the next-to-last syllable of a word. (*J* sounds like *y*, *ĉ* like *ch*, *ĝ* like *j*, *ŝ* like *sh* and *u* like *oo*.) The no-frills system can handle many idiomatic phrases from other languages, and even has its own earthy expletives, such as *diable* for hell and *merdo* for excrement.

The use of Esperanto probably reached its peak in the 1920s, when idealists embraced it as one small step toward peace. Some intellectuals viewed it as a solution to the language problem, which they felt contributed to political misunderstandings; in some British schools youngsters could study Esperanto. But interest died down after World War II, partly because governments did not support the language, partly because English was fast becoming the lingua franca of business and travel. Esperantists have urged the United Nations to adopt their language, but the organization has its hands full with six official ones (English, French, Spanish, Arabic, Chinese and Russian).

Humphrey Tonkin, president of the Rotterdam-based Universal Esperanto Association, says the *Lingvo Internacia* is popular in lands whose languages do not travel well. Examples: Iran, Brazil, the Netherlands and the Scandinavian countries. A sizable concentration of Esperantists is found in Japan, where the language has sometimes been used for discussions by scientists who speak different languages. China uses Esperanto to facilitate communication between speakers of its northern and southern dialects and supports an active publishing program. Many masterpieces of literature have been translated into Esperanto, including the Koran and some of Shakespeare's plays. But Mary Davies, an Esperantist who runs a hotel in Heysham, England, complains, "We don't have any light reading."

When they travel, many Esperantists wear lapel pins shaped like green stars that signal them as Esperanto speakers, in the hope of meeting fellow speakers. They also call up comrades-in-conversation and exchange cassette tapes by mail. Says Scotsman William Auld: "I've gotten drunk in every country in Europe with Esperanto speakers." In any language, an avid conversationalist can work up quite a thirst for a wee drop of visko. —By J.D. Reed.

Reported by Edward M. Gomez/New York and Paul Hofheinz/London

## La Espero de Esperanto

*Kreita lingvo festas sian centjariĝon*

En 1887 Ludoviko Zamenhof, multlingva pola okulisto, publikigis libron prezentantan novan lingvon sub la kaŝnomo Doktoro Esperanto. Zamenhof arde deziris ke lia inventita lingvo fariĝu la dua lingvo de la mondo. Kvankam tiu espero estas ankoraŭ nerealigita, preskaŭ sesmil fervoraj esperantistoj—historie la plej granda renkontiĝo—tiel foraj lokoj kiel Japanio kaj Brazilo estas ĉi-semajne en Varsovio por honori Zamenhof je la okazo de la centa datreveno de lia lingvo. Ili celebras per diversaj aranĝoj, ĉiuj en Esperanto, plus vizito al la hejmurbo de Zamenhof, Bjalistoko.

Multaj homoj supozas, ke Esperanto estas unu mortanta lingvo, vorta eksperimento kiu simple ne elsukcesis. Fakte, esperantistoj estas troveblaj tra la tuta mondo. Taksoj pri ilia tuta nombro multe varias, inter 1 milionoj kaj 8 milionoj aŭ pli.

Marjorie Duncan, 65-jara, emerita instruistino el Sidnejo, Aŭstralio, kredas, ke la movado bezonas pli da ĝejunuloj. Sed, ŝi diras, ili preferus "veturigi aŭtojn aŭ iri surfumi."

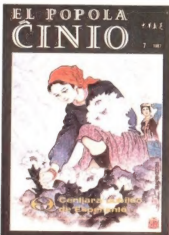
Je unua rigardo, Esperanto ŝajnas sufiĉe simpla. La lingvo havas nur 16 facile memor-eblajn gramatikajn regulojn—sen iuj ajn esceptoj—kaj bazan vortaron konstruitan el plejparte hindeŭropaj radikoj. Fakuloj pretendas, ke preskaŭ iu ajn persono povas lerni Esperanton en cent horoj aŭ malpli. Sed ĉe kelkaj homoj, multnombraj sufiksoj kaj prefiksoj eble komplikos aferojn. La senornama sistemo ankaŭ kapablas trakti multajn idiomajn frazojn el aliaj lingvoj kaj ja havas siajn proprajn sukuplenajn sakraĵojn, kiel ekzemple *diable* kaj *merdo*.

La uzo de Esperanto eble atingis sian pinton en la 20aj jaroj, kiam idealistoj alproprigis ĝin kiel unu etan paŝon al paco. Kelkaj intelektuloj rigardis ĝin kiel solvon al tiu lingva problemoj kiu, laŭ ili, kontribuis al politikaj miskomprenoj; en kelkaj britaj lernejoj, ĝejunuloj povis studi Esperanton. Sed la intereso malfortiĝis post la Dua Mondmilito parte ĉar registaroj ne subtenis la lingvon kaj ankaŭ parte ĉar la angla rapide fariĝis la komuna lingvo de komerco kaj vojaĝado. Esperantistoj instigis Unuiĝintajn Naciojn adopti ilian lingvon, sed la organizaĵo jam havas plenajn manojn por ses oficialaj lingvoj (angla, franca, hispana, araba, ĉina kaj rusa).

Humphrey Tonkin, prezidanto de la Universala Esperanto-Asocio en Roterdamo, diras, ke la Lingvo Internacia estas populara en landoj kies lingvoj ne bone vojaĝas. Ekzemple: Irano, Brazilo, Nederlando kaj la skandinaviaj landoj. Konsiderinda koncentriĝo de esperantistoj ankaŭ troveblas en Japanio, kie la lingvo estis foje uzata por diskutoj inter sciantistoj, kiuj parolas malsamajn naciajn lingvojn. Cinio uzas Esperanton por faciligi komunikadon inter parolantoj de siaj nordaj kaj sudaj dialektoj kaj subtenas aktivan eldonprogramon. Multajn literaturajn ĉefverkojn oni tradukis en Esperanton, inkluzive la Koranon kaj kelkajn teatraĵojn de Sekspiro. Sed Mary Davies, esperantistino kiu estras hotelon en Heysham, Anglio, plendas, "Ni ne havas ian leĝeran legaĵon."

Kiam ili vojaĝas, multaj esperantistoj portas insignojn en formo de verdaj steloj por indiki sian esperantistecon, esperante renkonti samlingvanojn. Ili ankaŭ telefonas al kunkonversaciantoj kaj interŝanĝas kasedojn per poŝto. Diras skoto William Auld: "Mi ebrigiĝis en ĉiu lando de Eŭropo kun Esperanto-parolantoj." En ĉia lingvo, avida konversacianta povas elfabriki imponan soifon je eta guteto de visko. —De J.D. Reed.

Raportita de Edward M. Gomez/Novjorko kaj Paul Hofheinz/Londono



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